

FIRST COMMONWEALTH FINANCIAL CORP /PA/  
Form DEF 14A  
March 23, 2012  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. \_\_)**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to 167;240.14a-12

**First Commonwealth Financial Corporation**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

FIRST COMMONWEALTH FINANCIAL CORPORATION

Old Courthouse Square, 22 North Sixth Street

Indiana, Pennsylvania 15701

**Notice of 2012 Annual Meeting of Shareholders**

To Our Shareholders:

The 2012 Annual Meeting of Shareholders of First Commonwealth Financial Corporation will be held at First Commonwealth Place, 654 Philadelphia Street, Indiana, Pennsylvania 15701 on Tuesday, April 24, 2012, beginning at 3:00 p.m., Eastern Time, to consider and vote on the following matters:

1. Electing to our Board of Directors the eleven (11) nominees who are named in the enclosed proxy statement to serve until the next annual meeting and until their successors are elected and qualified;
2. Ratifying the Audit Committee's selection of KPMG LLP as our independent registered public accounting firm for 2012;
3. Approving a non-binding advisory vote on the compensation of our named executive officers; and
4. Such other business as may properly come before the meeting.

Shareholders of record at the close of business on March 2, 2012 are entitled to receive notice of and vote at the meeting or any adjournment.

**Whether or not you plan to attend the meeting in person, please sign, date and return the enclosed proxy card as promptly as possible so that your shares will be represented at the meeting.**

March 23, 2012

By Order of the Board of Directors,

Matthew C. Tomb  
Secretary

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS**

**FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD APRIL 24, 2012**

Edgar Filing: FIRST COMMONWEALTH FINANCIAL CORP /PA/ - Form DEF 14A

**This proxy statement and the 2011 Annual Report are available for viewing at**

**<http://www.fcbanking.com/proxy2012>**

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<b><u>GENERAL INFORMATION</u></b>	<b>1</b>
<b><u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS</u></b>	<b>4</b>
<b><u>SECURITIES OWNED BY DIRECTORS AND MANAGEMENT</u></b>	<b>5</b>
<b><u>CORPORATE GOVERNANCE</u></b>	<b>6</b>
<u>Corporate Governance Policies</u>	6
<u>Composition and Diversity of the Board</u>	7
<u>Independence of Directors</u>	8
<u>Oversight of Risk</u>	8
<u>Audit Committee</u>	8
<u>Compensation and Human Resources Committee</u>	9
<u>Governance Committee</u>	9
<u>Risk Committee</u>	9
<u>Code of Conduct and Ethics</u>	9
<u>Where to Find Governance Documents</u>	10
<u>Communicating with Directors</u>	10
<b><u>COMPENSATION OF DIRECTORS</u></b>	<b>10</b>
<b><u>PROPOSAL 1 ELECTION OF DIRECTORS</u></b>	<b>13</b>
<b><u>PROPOSAL 2 RATIFICATION INDEPENDENT ACCOUNTING FIRM</u></b>	<b>16</b>
<b><u>ANNUAL AUDIT INFORMATION</u></b>	<b>17</b>
<u>Report of the Audit Committee</u>	17
<u>Fees Billed by Accounting Firm to First Commonwealth</u>	18
<u>Audit Committee Pre-Approval Policies and Procedures</u>	18
<b><u>PROPOSAL 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u></b>	<b>18</b>
<b><u>EXECUTIVE COMPENSATION</u></b>	<b>20</b>
<u>Compensation Discussion and Analysis</u>	20
<u>Summary Compensation Table for 2011, 2010 and 2009</u>	30
<u>Grants of Plan-Based Awards for 2011</u>	31
<u>Outstanding Equity Awards at Fiscal Year-End 2011</u>	32
<u>Option Exercises and Stock Vested in 2011</u>	33
<u>Nonqualified Deferred Compensation in 2011</u>	33
<u>Compensation Policies and Practices Relating to Risk Management</u>	33
<u>Potential Payments Upon Termination or Change of Control</u>	34
<b><u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u></b>	<b>38</b>
<b><u>RELATED PARTY TRANSACTIONS</u></b>	<b>38</b>
<b><u>REQUIREMENTS FOR DIRECTOR NOMINATIONS AND SHAREHOLDER PROPOSALS</u></b>	<b>39</b>
<b><u>HOUSEHOLDING OF PROXY MATERIALS</u></b>	<b>42</b>
<b><u>ANNUAL REPORT ON FORM 10-K</u></b>	<b>42</b>

**Table of Contents**

**PROXY STATEMENT FOR THE  
FIRST COMMONWEALTH FINANCIAL CORPORATION  
2012 ANNUAL MEETING OF SHAREHOLDERS  
GENERAL INFORMATION**

***When is the 2012 annual meeting?***

The 2012 annual meeting of shareholders will be held on Tuesday, April 24, 2012 at 3:00 p.m. (Eastern Time) at First Commonwealth Place, 654 Philadelphia Street, Indiana, Pennsylvania 15701.

***When was this proxy statement mailed to shareholders?***

This proxy statement was first mailed to shareholders on or about March 23, 2012.

***Why did I receive this proxy statement?***

The Board of Directors of First Commonwealth Financial Corporation ( we, us, First Commonwealth or the Company ) is soliciting proxies to be voted at the 2012 annual meeting of shareholders (and any postponement or adjournment of the meeting scheduled in accordance with Pennsylvania law). Whenever we solicit your proxy, we are required to provide you with a proxy statement that contains certain information specified by law.

***What am I voting on?***

At the meeting, you will be asked to consider the following items of business:

election to our Board of Directors of the eleven (11) nominees who are named in this proxy statement to serve until the next annual meeting and until their successors are elected and qualified;

ratification of the selection of KPMG LLP as our independent registered public accounting firm for our 2012 fiscal year;

approval of a non-binding advisory vote on the compensation of our named executive officers; and

any other business that may properly come before the meeting.

***How does the Board of Directors recommend I vote on the proposals?***

The Board of Directors recommends that you vote as follows:

FOR the election of the eleven (11) nominees who are named in this proxy statement to the Board of Directors;

FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm; and

FOR the advisory vote on named executive officer compensation.

***Who can vote at the annual meeting?***

Shareholders of record on the record date, which is Friday, March 2, 2012, may vote at the annual meeting. As of the record date, there were 105,016,994 shares of our common stock outstanding.

***What constitutes a quorum to hold the annual meeting?***

The presence at the meeting, in person or by proxy, of the holders of a majority of the aggregate voting power of the common stock outstanding on the record date will constitute a quorum, permitting us to hold the meeting and conduct business. Proxies received but marked as abstentions and broker non-votes (described below under How do I vote my shares if they are held in the name of my broker? ) will be included in the calculation of the number of votes considered to be present at the meeting for purposes of determining a quorum.

## **Table of Contents**

### ***How many votes are required to approve each proposal?***

**Election of Directors:** Directors are elected by a plurality of votes cast. The eleven (11) nominees who receive the most votes will be elected. Abstentions, broker non-votes and instructions to withhold authority to vote for one or more of the nominees will result in those nominees receiving fewer votes but will not count as votes against the nominee.

**Ratification of Independent Registered Public Accounting Firm:** The ratification of the selection of KPMG as our independent registered public accounting firm for the 2012 fiscal year will be approved if the proposal receives the affirmative vote of at least a majority of the votes cast by shareholders present, in person or by proxy, at the meeting. Abstentions will not be counted as votes cast either for or against the proposal.

**Approval of Named Executive Officer Compensation:** The non-binding advisory vote on the compensation of our named executive officers will be approved by the affirmative vote of at least a majority of the votes cast by shareholders present, in person or by proxy, at the meeting. Abstentions and broker non-votes will not be counted as votes cast either for or against the proposal.

### ***How many votes may I cast?***

For the election of directors, you are entitled to cast one vote for each share that you held as of the record date for each candidate nominated. Cumulative voting is not permitted.

For each other proposal and any other matter brought before the meeting, you are entitled to one vote for each share that you held as of the record date.

### ***What do I have to do to vote?***

You may vote by granting a proxy, or for shares held in street name, by submitting voting instructions to your broker or other nominee. If your shares are held by a broker or other nominee, you will receive instructions that you must follow to have your shares voted. See below for more information on voting your shares if held in the name of your broker.

If you hold your shares as the shareholder of record, you may vote by signing and dating each proxy card you receive and returning it in the enclosed postage paid envelope. You may also submit your proxy over the Internet or by telephone by following the instructions provided on the proxy card.

If you mark the proxy card to show how you wish to vote, your shares will be voted as you direct. If you return a signed proxy card but do not mark the proxy card to show how you wish to vote, your shares will be voted in accordance with the recommendations of the Board of Directors as described above.

In addition, if other matters are properly presented at the annual meeting, the proxy holders are also authorized to vote on such matters as they determine in their sole discretion. As of the date of this proxy statement, we have not received notice of any other matters that may be properly presented at the annual meeting.

### ***How do I vote my shares if they are held in the name of my broker?***

If your shares are held by your broker, you must vote your shares through your broker. You should receive a form from your broker asking how you want to vote your shares. Follow the instructions on that form to give voting instructions to your broker.

If you do not give instructions to your broker, (1) with respect to the ratification of KPMG as our independent registered public accounting firm your broker may vote your shares at its discretion on your behalf, but (2) with respect to each other proposal, a broker non-vote will occur. The broker non-vote will not be counted and no votes will be cast on your behalf. The voting instruction form will provide instructions for you to return it, including instructions for voting by telephone and the Internet. You may change your vote by submitting new voting instructions to your broker, bank or nominee.

## **Table of Contents**

If you plan to attend the annual meeting and your shares are held in the name of a broker or other nominees, you must bring with you a letter from the broker or nominee confirming your ownership as of the record date. Failure to bring such a letter may prevent you from attending the meeting.

If you wish to vote your shares at the meeting, you must obtain a legal proxy from your broker or other nominee and present it to the inspectors of elections with your ballot when you vote at the meeting.

### ***How do I revoke a proxy or change my vote?***

If you are the record holder of the shares, you may revoke your proxy or change your vote at any time before it is counted at the annual meeting by: (1) notifying our Secretary in writing at 22 North Sixth Street, Indiana, Pennsylvania, 15701; (2) attending the annual meeting and voting in person; or (3) submitting a later dated proxy card. If your shares are held by your broker, you should follow the instructions that the broker provides to you to revoke your proxy or change your vote.

### ***What does it mean if I receive more than one proxy card?***

If your shares are registered differently and are in more than one account, you will receive more than one proxy card. Please follow the directions for voting on each of the proxy cards you receive to ensure that all of your shares are voted.

### ***What if I participate in First Commonwealth's Employee Stock Ownership Plan?***

Shares held in the First Commonwealth Employee Stock Ownership Plan, or ESOP, are held of record by the Trust Division of First Commonwealth Bank as the administrator of the ESOP and are voted by the ESOP's trustee. If you are a participant in the ESOP, you have the right to direct the trustee how to vote the shares that have been allocated to your ESOP account. You will receive a proxy card from our transfer agent with instructions on how to vote your ESOP shares, and the ESOP trustee will vote your ESOP shares as you direct on the proxy card. If you do not submit voting directions, the trustee has discretion to vote your ESOP shares on any matter except the election of directors.

### ***Who pays for the solicitation of proxies?***

First Commonwealth pays all costs related to the Company's solicitation of proxies. We may solicit proxies by mail, or our directors, officers or employees may solicit proxies personally, by telephone, facsimile or the Internet. These persons will not receive any additional compensation for their efforts to solicit proxies. We will request that the notice of annual meeting, this proxy statement, the proxy card and related materials, if any, be forwarded to beneficial owners, and we expect to reimburse banks, brokers and other persons for their reasonable out-of-pocket expenses in handling these materials.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following table sets forth certain information concerning the persons known by us to be the beneficial owners of more than 5% of the outstanding shares of our common stock.

<b>Name and Address</b>	<b>Number of Shares Beneficially Owned</b>	<b>Percentage of Class</b>
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	7,938,417(1)	7.57%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	5,524,905(2)	5.26%

- (1) Based on the information provided pursuant to a statement on Schedule 13G filed with the SEC on February 13, 2012 by BlackRock, Inc. reporting the holdings of BlackRock, Inc. and its subsidiaries as of December 31, 2011. According to the Schedule 13G, BlackRock, Inc. or its subsidiaries held sole voting power and sole dispositive power over all of the reported shares.
- (2) Based on information provided pursuant to a statement on Schedule 13G filed with the SEC on February 9, 2012 by The Vanguard Group, Inc. reporting the holdings of The Vanguard Group, Inc. and its subsidiaries as of December 31, 2011. According to the Schedule 13G, The Vanguard Group, Inc. held sole voting power and shared dispositive power over 145,026 shares and shared voting power and sole dispositive power over the remaining shares.

**Table of Contents****SECURITIES OWNED BY DIRECTORS AND MANAGEMENT**

The following table sets forth the number of shares of First Commonwealth's common stock that were beneficially owned by each director and director nominee, each of the named executive officers and by all directors and executive officers as a group, as of March 2, 2012.

Name	Number of Shares Owned(1)	Options Exercisable Within 60 Days	Total Beneficial Ownership	Percentage of Shares Outstanding(2)
Julie A. Caponi	21,343	0	21,343	*
Ray T. Charley	263,164	9,000	272,164(4)	*
Gary R. Claus	5,437	0	5,437	*
Thaddeus J. Clements(3)	13,840	0	13,840	*
David S. Dahlmann	47,110	9,000	56,110	*
John J. Dolan(3)	77,888	0	77,888	*
I. Robert Emmerich	35,951	0	35,951	*
Johnston A. Glass	72,706	0	72,706	*
David W. Greenfield	12,305	0	12,305	*
Luke A. Latimer	301,062	0	301,062(5)	*
Sue A. McMurdy	24,415	10,700	35,115	*
James W. Newill	353,384	9,000	362,384(6)	*
T. Michael Price	181,810	0	181,810	*
Robert E. Rout	60,971	0	60,971	*
Laurie S. Singer	35,590	9,000	44,590(7)	*
Robert J. Ventura	27,082	49,784	76,866	*
All directors and executive officers as a group (18 persons)	1,558,443	101,678	1,660,121	1.58%

\* Less than 1%

- (1) Unless otherwise indicated, the person named in the table above holds sole voting and dispositive power with respect to the shares shown.
- (2) Percentage ownership is calculated based upon 105,016,994 shares of First Commonwealth common stock outstanding on March 2, 2012. Shares issuable upon exercise of outstanding options that are currently exercisable or will become exercisable within 60 days are treated as outstanding for the purpose of computing the beneficial ownership of the person who holds the options, but not for the purpose of computing the percentage ownership of any other person or group.
- (3) Mr. Clements and Mr. Dolan no longer serve as executive officers of First Commonwealth. The table above reflects the most current information available to the Company regarding shares held by Mr. Clements and Mr. Dolan.
- (4) Includes 18,000 shares held in a family trust of which Mr. Charley is a trustee.
- (5) Includes 205,000 shares held by Berkshire Securities Corporation for which Mr. Latimer is deemed to share voting and investment power in his capacity as a Director of Berkshire Securities Corporation. Does not include 6,650 shares held by Mr. Latimer's spouse as to which Mr. Latimer disclaims beneficial ownership.
- (6) Includes 32,144 shares held by family trusts over which Mr. Newill is sole trustee and has sole voting and investment power.
- (7) Does not include 4,100 shares held in a trust for Ms. Singer's spouse as to which Ms. Singer disclaims beneficial ownership.

## **Table of Contents**

### **CORPORATE GOVERNANCE**

The Board of Directors has the ultimate responsibility for overseeing the management of the Company's business and affairs. The Board measures the effectiveness of its oversight using a balanced scorecard which is comprised of three broad themes:

**Leadership and Accountability** – the Board's responsibility for appointing and retaining strong and qualified leaders and holding those leaders accountable for corporate performance;

**Strategic Direction and Execution** – the Board's responsibility to approve the Company's strategy and oversee its execution by management; and

**Risk Oversight** – the Board's responsibility to establish the Company's risk appetite and ensure that the Company's strategies and risk management practices are aligned with the risk appetite.

Sound corporate governance provides the foundation which enables the Board to effectively carry out these responsibilities. This section discusses First Commonwealth's corporate governance policies and practices, as well as the composition of the Board and its standing committees.

#### **Corporate Governance Policies**

The Board of Directors has adopted Corporate Governance Guidelines which codify our corporate governance policies and reflect our commitment to following corporate governance best practices. Below is a summary of the significant guidelines that we follow.

*Separation of Chairman and CEO.* We believe that the roles of Chairman of the Board and Chief Executive Officer should be held by separate persons and that the Chairman of the Board should be an independent director. This separation establishes an appropriate division of the Board's oversight role from the management responsibilities of the officers and employees of the Company. Consistent with this principle, our current Chairman, David S. Dahlmann, is a non-executive independent director.

*Director Independence.* We believe that all directors other than the Chief Executive Officer should be independent from management. All of our directors other than the Chief Executive Officer currently satisfy the independence requirements of the New York Stock Exchange ( NYSE ), as described below under Independence of Directors.

*Executive Sessions.* Our Board and committees regularly meet in executive session without management present, and our non-management directors meet regularly without the Chief Executive Officer. This enables directors to provide candid feedback, raise concerns and discuss sensitive or confidential matters. Our Chairman, David S. Dahlmann, has also been designated as our Lead Director to preside at meetings of the non-management directors.

*Stock Ownership.* We believe that directors should hold a meaningful investment in the Company's stock to ensure that their interests are aligned with our shareholders. Our guidelines require that all directors own at least 25,000 shares. This guideline must be met within five years of a director's initial election to the Board. Subject to certain exceptions as described under Compensation of Directors, directors receive 75% of their annual retainer in shares of Company stock.

*Director Orientation and Education.* All new directors and committee members receive orientation to learn about the Company and its strategic plans, significant financial, regulatory, accounting and risk management issues and policies and compliance programs. This orientation must be completed after a director is elected. Our current directors regularly participate in continuing education to maintain the skills necessary to perform their duties and responsibilities and to keep abreast of industry trends, legal and regulatory developments and corporate governance practices.

## **Table of Contents**

*Performance Evaluations.* Our Board and committees regularly evaluate and discuss their performance. In addition, our directors performed a peer evaluation during 2011 which provided directors with a confidential forum to assess and provide candid feedback regarding their own performance and the performance of fellow directors. The Board and its committees use the results of these evaluations to identify opportunities to enhance performance and topics for director continuing education.

*Retirement Age.* We have established a mandatory retirement age of 70 for our directors. Except for those directors who have continuously served on the Board since this requirement was implemented in 2001, no person may be nominated for election or reelection to the Board after attaining age 70.

*Meeting Frequency and Attendance.* Directors are expected to attend Board meetings and meetings of committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Last year, our Board met 7 times. All of our directors attended at least 75% of the total number of meetings of the Board and all committees of which they were members.

*Annual Meeting Attendance.* The annual meeting provides a valuable opportunity for shareholders to meet and interact with our directors. All directors are expected to attend the annual meeting in the absence of an unavoidable conflict. Last year all of our current directors attended the annual meeting.

## **Composition and Diversity of the Board**

We believe that our Board should generally consist of between 10 and 15 directors. This range permits diversity of experience and sharing of Board and committee responsibilities without hindering effective discussion. However, the Board may increase its membership beyond 15 to accommodate an exceptional candidate or operate with fewer than 10 directors if a vacancy arises.

We believe that effective oversight requires that the Board possess a diversity of perspectives, backgrounds and skills. In that regard, the Governance Committee considers the diversity of the professional experience, education, expertise, viewpoints, background and other demographics when evaluating the current composition of the Board and the need for additional directors and when identifying and evaluating director nominees. The Governance Committee is also guided by a set of criteria that has been approved by the Board of Directors. Under these criteria, a director candidate should:

possess a sustained record of high achievement in financial services, business, industry, government, academia, the professions, or civic, charitable or non-profit organizations;

have a reputation for integrity, honesty and adherence to high ethical standards and personal qualities that will help to sustain an atmosphere of mutual respect and collegiality among the members of the Board;

have the strength of character necessary to challenge management's recommendations and actions when appropriate and to confirm the adequacy and completeness of management's responses to such challenges to his or her satisfaction;

understand or demonstrate a commitment to understand First Commonwealth, including our strategic vision, our mix of businesses and our approach to regulatory relations and risk management;

have a commitment and sufficient time to devote to our affairs, including regularly attending and participating in meetings of the Board and at least one standing committee; and

not have, nor appear to have, a conflict of interest that would impair his or her ability to represent the interests of our shareholders and to fulfill the responsibilities of a director.

## Edgar Filing: FIRST COMMONWEALTH FINANCIAL CORP /PA/ - Form DEF 14A

When assessing our current directors for possible nomination and re-election, the Governance Committee considers all of the criteria listed above, as well as the needs of the Board, the independence of directors from First Commonwealth, a director's meeting attendance and participation, and the value of a director's contributions to the effectiveness of our Board and its committees.

## **Table of Contents**

### **Independence of Directors**

The rules of the NYSE require that at least a majority of our Board of Directors be comprised of independent directors. Our Governance Guidelines require that all directors other than the Chief Executive Officer must meet the independence standards established by the NYSE.

The Board reviews all relationships between the Company and its directors at least once per year and assesses each director's independence annually using the NYSE independence standards. The Board has determined that a director may be independent even if he or she has business relationships with First Commonwealth or one of its affiliates, as long as, in the Board's business judgment:

any transaction involving the director is entered into in the ordinary course of business and on substantially the same terms as those prevailing at the time for comparable transactions with other persons;

the relationship complies with all applicable laws and regulations; and

the relationship would not interfere with the director's exercise of judgment independent from management of First Commonwealth. Based upon these criteria, the Board has affirmatively determined that directors Caponi, Charley, Claus, Dahlmann, Glass, Greenfield, Latimer, Newill, Singer and Ventura are independent. Mr. Price is an executive officer of the Company and does not qualify as an independent director.

In determining the independence of Mr. Latimer, the Board considered the lease transaction between First Commonwealth Bank and SML Limited Partnership described below under the heading Related Party Transactions, and concluded that the transaction did not impact the independence of Mr. Latimer, because the amount paid to SML Limited Partnership during 2011 fell below the quantitative limits established by the NYSE rules and was not otherwise material to Mr. Latimer or First Commonwealth. In determining the independence of Ms. Singer, the Board considered the engagement of the law firm Reed Smith LLP, of which Ms. Singer's spouse is a partner, to provide legal services to the Company. The Board concluded that this engagement did not impact the independence of Ms. Singer based upon the following factors: (1) Ms. Singer's spouse did not provide legal services to the Company; (2) the fees paid to Reed Smith for services performed in 2011, which totaled \$118,249, were not material to the Company or Reed Smith LLP; and (3) the compensation received by Ms. Singer's spouse from Reed Smith LLP is not affected by the fees paid by First Commonwealth. To avoid even the appearance of a conflict of interest, the Company discontinued its engagement of Reed Smith LLP in April 2011.

### **Oversight of Risk**

The Board of Directors actively oversees the risk management practices employed by First Commonwealth and its management team. The Board receives regular reports from our Chief Risk Officer regarding material risk exposures and the actions taken to monitor and mitigate those risks. In addition, senior management updates the Board at its regular meetings regarding trends and developments for credit, market, liquidity, compliance, reputation, operational and strategic risk. Our Risk Committee also provides risk oversight for the Board as a dedicated forum to review and discuss risks and risk management policies and practices. Refer to page 9 for a description of the Risk Committee and its members.

### **Audit Committee**

The Audit Committee is comprised of James W. Newill (Chair), Julie A. Caponi, Laurie S. Singer and Robert J. Ventura, each of whom is an independent director under our Guidelines and the NYSE and Securities and Exchange Commission (SEC) standards. The primary responsibilities of the Audit Committee are to monitor the integrity of our financial statements, select and oversee our independent registered public accounting

## **Table of Contents**

firm, oversee our internal audit process, monitor our compliance with legal and regulatory requirements, including the receipt and resolution of complaints concerning accounting, internal controls and auditing matters, and review and discuss major financial risk exposures with management and steps taken to monitor and control those exposures, including risk assessments and risk management policies. Each member of the Audit Committee is financially literate, and our Board has determined that James W. Newill and Julie A. Caponi qualify as audit committee financial experts as defined by the rules of the SEC. The Audit Committee met nine times in 2011. A report of the Audit Committee follows on page 17.

## **Compensation and Human Resources Committee**

The Compensation and Human Resources Committee is comprised of Robert J. Ventura (Chair), Julie A. Caponi, Ray T. Charley and David W. Greenfield. The primary responsibilities of the Compensation and Human Resources Committee are to review and determine the compensation of the CEO and other executive officers, establish and oversee our talent management, executive compensation and employee benefit programs, and review and approve the terms of any employment, severance, change of control or similar agreement for our CEO and other executive officers. Effective in January 2012, the Compensation and Human Resources Committee assumed from the Governance Committee responsibility for developing and approving the CEO succession plan and overseeing the development of succession plans for other executive officers. The Compensation and Human Resources Committee met nine times during 2011. Each member of the Compensation and Human Resources Committee is an independent director under our Guidelines and applicable NYSE standards. A report of the Compensation and Human Resources Committee follows on page 29.

## **Governance Committee**

The Governance Committee is comprised of Laurie S. Singer (Chair), Ray T. Charley, David W. Greenfield and James W. Newill, each of whom is an independent director under our Guidelines and applicable NYSE standards. The primary responsibilities of the Governance Committee are to identify and recommend director nominees to the Board of Directors, recommend directors to serve as members and as chair for each committee of the Board, lead the annual review of the performance of the Board and its committees, recommend and approve corporate governance policies and practices for the Board, and review and approve related party transactions and monitor compliance with our Code of Conduct and Ethics, insider trading and related policies. Effective in January 2012, the Governance Committee assumed from the Compensation and Human Resources Committee the responsibility for determining director compensation. The Governance Committee met ten times during 2011. Each member of the Governance Committee is an independent director.

## **Risk Committee**

The Risk Committee is a joint committee of First Commonwealth Financial Corporation and First Commonwealth Bank and is comprised of directors of the Company and the Bank. The Company directors who serve on the Risk Committee are David S. Dahlmann (Chair), Gary R. Claus, Johnston A. Glass and Luke A. Latimer, each of whom is an independent director. The primary responsibilities of the Risk Committee are to oversee and review information regarding our enterprise risk management framework, review and approve our significant risk management policies, assess the risks associated with our compensation practices, review and discuss with management the level and trend of risk exposures, including credit, market, liquidity, operational, compliance and legal, reputation and strategic risk, and assess risks associated with strategic and operating plans and strategic initiatives. The Risk Committee met eight times during 2011. Each member of the Risk Committee is an independent director.

## **Code of Conduct and Ethics**

The Code of Conduct and Ethics governs the actions and working relationships of First Commonwealth employees, officers and directors. This Code addresses, among other items, conflicts of interest, confidentiality,

## **Table of Contents**

fair dealing, protection and proper use of corporate assets and compliance with laws, rules and regulations. The Code of Conduct and Ethics encourages and provides a process for the reporting of any illegal or unethical behavior. First Commonwealth has established an ethics hotline to allow employees, officers and directors to anonymously report any known or suspected violation of laws, rules or regulations or the Code of Conduct and Ethics.

### **Where to Find Governance Documents**

You can find copies of the charters for our Audit Committee, Compensation and Human Resources Committee, Governance Committee and Risk Committee, as well as our Governance Guidelines, Code of Conduct and Ethics and other important information, by visiting our website at [www.fcbanking.com](http://www.fcbanking.com) and following the links to [Investor Relations](#) and [Corporate Governance](#).

### **Communicating with Directors**

You may communicate directly with any director or the full Board. To do so, please write to the person or persons desired and mail the communication to:

First Commonwealth Financial Corporation

Attn: Board Communications

P.O. Box 400

Indiana, PA 15701

Our employees will not open or otherwise screen any communications sent to this address. The communications will be delivered directly to the Lead Director, who will determine how to respond, including whether to present to the full Board or to forward to an individual director. If you send director-related communications to our offices, we will handle them in accordance with a collection and organization process approved by the Board. These communications are subject to a screening process that will determine which communications will be relayed to directors.

In addition, First Commonwealth has retained an independent service provider to receive calls from shareholders and other interested parties who wish to communicate with the non-management directors. The telephone number for this service is 1-866-825-5283. The independent service provider will forward all communications to the Lead Director who will take such action as he deems appropriate. A summary report of all communications received and actions taken by the Lead Director will be presented during the next executive session of the non-management directors and, if the non-management directors deem appropriate, to the full Board.

## **COMPENSATION OF DIRECTORS**

Director compensation is determined annually by a committee of independent directors. Prior to 2012, the Compensation & Human Resources Committee was responsible for determining director compensation. The Governance Committee assumed this responsibility beginning in 2012. The objective of our director compensation program is to enable the Board to attract and retain qualified directors in an increasingly competitive market for director talent, promote share ownership by directors and preserve the independence of the non-management directors. When determining director compensation, the committee considered the recommendations of Board Advisory, LLC, an independent consultant to the Compensation & Human Resources Committee, as well as market data regarding the compensation practices of comparable publicly traded companies. Based upon these factors, the committee approved the following compensation schedule for directors in 2011:

Retainer	Board Member	\$24,000 per year
Retainer	Audit Committee Chair	7,500 per year
Retainer	Other Committee Chairs	5,000 per year
Board Meeting Fee		1,000 per meeting
Committee Meeting Fee	Committee Member	1,000 per meeting
Committee Meeting Fee	Committee Chair	2,000 per meeting



**Table of Contents**

One fourth of the annual retainer fee for service on the Board of Directors is paid in cash and three-fourths of the fee is paid in shares of common stock based on the closing price of the Company's stock on the date preceding the annual meeting of Shareholders. Directors who own 100,000 or more shares of our stock may opt to receive their entire retainer in cash, in which case the retainer is paid in four quarterly installments of \$6,000. Directors Charley and Newill have elected to receive cash in lieu of shares of stock.

The Chief Executive Officer does not receive additional compensation for service on our Board of Directors or meeting attendance.

In addition to the fees described above, Mr. Dahlmann received an annual retainer fee of \$200,000 during 2011 for his service as the non-executive Chairman of First Commonwealth Financial Corporation and First Commonwealth Bank, Directors Greenfield and Singer received retainers of \$20,000 for serving on the CEO Search Committee and Director Ventura received a retainer of \$25,000 for chairing the CEO Search Committee.

**Director Compensation in 2011**

The following table shows the compensation paid to our non-employee directors during 2011:

Name	Fees Earned			Total (\$)
	or Paid in Cash \$(1)	Stock Awards \$(2)	All Other Compensation \$(3)	
Julie A. Caponi	37,000	18,000	10,000	65,000
Ray T. Charley	55,000		11,000	66,000
Gary R. Claus	26,000	18,000		44,000
David S. Dahlmann	252,000	18,000	12,000	282,000
Johnston A. Glass	78,000	18,000		96,000
David W. Greenfield	58,000	18,000		76,000
Luke A. Latimer	31,000	18,000	10,000	59,000
James W. Newill	71,500			71,500
Laurie S. Singer	70,000	18,000		88,000
Robert J. Ventura	76,000	18,000		94,000

- (1) Fees Earned or Paid in Cash consists of retainer fees and fees for attending meetings of the Board of Directors and committees of First Commonwealth Financial Corporation and First Commonwealth Bank.
- (2) Represents the portion of the annual retainer paid in shares of common stock based upon the grant date fair value of the shares.
- (3) All Other Compensation consists of fees for attending meetings of the Board of Directors and Committees of First Commonwealth Bank at the rate of \$1,000 per meeting attended.

**Table of Contents**

We did not grant any stock options to our directors in 2011. Certain directors hold options to purchase our stock that were awarded under prior plans. The table below sets forth the number of underlying shares, the exercise price and the expiration date of stock options held by the non-management directors as of December 31, 2011. All of these stock options are fully earned and vested.

<b>Name and Date of Award</b>	<b>Number of Securities Underlying Unexercised Options Exercisable (#)</b>	<b>Option Exercise Price (\$)</b>	<b>Option Expiration Date(1)</b>
<b>Ray T. Charley</b>			
1/23/2002	3,000	11.70	1/23/2012
1/13/2003	3,000	12.06	1/13/2013
1/12/2004	3,000	14.41	1/12/2014
1/18/2005	3,000	14.55	1/18/2015
<b>David S. Dahlmann</b>			
1/13/2003	3,000	12.06	1/13/2013
1/12/2004	3,000	14.41	1/12/2014
1/18/2005	3,000	14.55	1/18/2015
<b>James W. Newill</b>			
1/23/2002	3,000	11.70	1/23/2012
1/13/2003	3,000	12.06	1/13/2013
1/12/2004	3,000	14.41	1/12/2014
1/18/2005	3,000	14.55	1/18/2015
<b>Laurie S. Singer</b>			
1/23/2002	1,500	11.70	1/23/2012
1/13/2003	3,000	12.06	1/13/2013
1/12/2004	3,000	14.41	1/12/2014
1/18/2005	3,000	14.55	1/18/2015
<b>Robert J. Ventura(2)</b>			
4/24/2002	33,024	6.36	4/24/2012
5/22/2003	13,760	9.19	5/22/2013
1/18/2005	3,000	14.55	1/18/2015

- (1) Unexercised options generally terminate on the earlier of the option expiration date indicated or sixty (60) days after the date that the option holder ceases to be a director of First Commonwealth (or three (3) months following a director's termination as a result of death or disability), except that the options awarded to Mr. Ventura pursuant to the GA Financial, Inc. stock option plan (as noted in footnote 2 below) may be exercised for a period of three (3) months following the termination of his status as a director (or one (1) year following his termination as a result of death or disability).
- (2) Options granted to Mr. Ventura in 2002 and 2003 were granted by GA Financial, Inc. in his capacity as a director of GA Financial, Inc. These options were converted into options to purchase First Commonwealth common stock on May 24, 2004 upon the completion of the merger of GA Financial, Inc. and First Commonwealth.

## **Table of Contents**

### **PROPOSAL 1 ELECTION OF DIRECTORS**

Upon the recommendation of our Governance Committee, the Board of Directors has nominated the eleven (11) persons named below for election at the 2012 Annual Meeting of Shareholders to serve until the next annual meeting and until his or her successor is elected and qualified. Relevant biographical information concerning each nominee, including the nominee's business experience and qualifications, is set forth below.

*Julie A. Caponi.* Ms. Caponi, age 50, is a Certified Public Accountant. She has served as Vice President-Audit of Alcoa Inc., a producer of aluminum and aluminum products that is headquartered in Pittsburgh, Pennsylvania, since 2005, and previously served as Assistant Controller. Before joining Alcoa in 2000, Ms. Caponi was an audit partner at Deloitte, principally serving clients in the financial services industry. Ms. Caponi joined our Board in 2007 and currently serves on our Audit Committee and Compensation and Human Resources Committee. She is also a director of First Commonwealth Bank. Ms. Caponi earned a Bachelors of Science Degree in Accounting from the Indiana University of Pennsylvania. She is a member of the American Institute of Certified Public Accountants and the Pennsylvania Institute of CPAs. Ms. Caponi's qualifications for service on our Board include her leadership experience and her expertise in financial accounting, auditing and internal controls.

*Ray T. Charley.* Mr. Charley, age 60, has served as the Chief Executive Officer of Thomi Co., an operator of retail grocery stores in Greensburg, Pennsylvania, since 1983. Mr. Charley served as a director of Southwest National Corporation from 1989 and joined our Board in 1998 upon the completion of our merger with Southwest National Corporation. Mr. Charley is a member of our Governance Committee and our Compensation and Human Resources Committee and is also a director of First Commonwealth Bank. He is a former director and officer of Excela Health Holding Co., an operator of hospitals and other health care facilities in Western Pennsylvania, and serves as a director and in leadership capacities for various charitable organizations. Mr. Charley earned a Bachelors degree from Duquesne University and a law degree from the Dickinson University School of Law. Mr. Charley's qualifications for service on our Board include his business acumen and his commitment to sound governance and oversight as demonstrated by his extensive experience as a director in the financial services industry.

*Gary R. Claus.* Mr. Claus, age 59, is a Certified Public Accountant. He has served as Managing Director of the Jade Group, an executive search and management consulting firm since 2008. Prior to joining the Jade Group, Mr. Claus spent 35 years as a tax accountant at PriceWaterhouseCoopers, where he was admitted as a Partner in 1986 and served as the Pittsburgh Tax Site Leader from 1992 through 2004. Mr. Claus joined our Board in April 2011 and is a member of our Risk Committee and our Credit Committee. Mr. Claus has a wide variety of experience advising clients ranging from large publicly held companies to small privately owned companies, including manufacturers, law firms and other service companies. He is also active in professional, community and church organizations, serving as Chairman of the Board of Goodwill of Southwestern Pennsylvania and Chairman of the Board of Trustees of Robert Morris University. Mr. Claus earned a Bachelor of Science in Accounting from Robert Morris University. Mr. Claus's qualifications for Board service include his extensive professional experience in accounting, executive compensation and human resources.

*David S. Dahlmann.* Mr. Dahlmann, age 62, has served as the Chairman of the Board of First Commonwealth Financial Corporation and First Commonwealth Bank since 2006. He was formerly Vice Chairman of First Commonwealth Financial Corporation from 1999 to 2006, President and Chief Executive Officer of Southwest National Corporation from 1991 to 1999 and President and Chief Executive Officer of Southwest Bank from 1991 until its merger with First Commonwealth Bank in 2002. He was a director of Southwest National Corporation from 1991 and joined our Board in 1998 upon the completion of our merger with Southwest National Corporation. Mr. Dahlmann formerly served on the Board of Directors of the Federal Reserve Bank of Cleveland and as Adjunct Professor of Saint Vincent College in Latrobe, Pennsylvania, and he serves as a director for numerous charitable, educational and civic associations. Mr. Dahlmann chairs our Risk Committee, is a member of our Credit Committee and chairs the Trust Committee of First Commonwealth Bank.

## Table of Contents

He earned a Bachelor of Arts and Masters of Business Administration degrees from the Indiana University of Pennsylvania. Mr. Dahlmann's qualifications for Board service include his extensive career as a director and executive in the financial services industry and his expertise and experience in corporate governance matters.

*Johnston A. Glass.* Mr. Glass, age 62, is retired. Mr. Glass has served on our Board since 1986. He served as Vice Chairman of First Commonwealth Financial Corporation and as President and Chief Executive Officer of First Commonwealth Bank and its predecessor, NBOC Bank, until his retirement in 2005. Mr. Glass is a member of our Risk Committee and Chairs our Credit Committee. Mr. Glass also serves as an advisory director of First National Bank of Santa Fe and has served as a director and officer of numerous civic and non-profit associations and as past director of the Pennsylvania Bankers Association. He earned a Bachelor of Science degree from the Pennsylvania State University. Mr. Glass's qualifications for Board service include his extensive leadership experience in the banking industry, his thorough understanding of First Commonwealth and its business and his long history of service as a director of First Commonwealth and other organizations.

*David W. Greenfield.* Mr. Greenfield, age 61, is retired. He has served on our Board since April 2010 and is a member of our Compensation and Human Resources Committee and our Governance Committee. Mr. Greenfield was formerly Vice President, Secretary and General Counsel of Kennametal, Inc., a global manufacturer of tooling, engineered components and advanced materials consumed in production processes from 2001 until his retirement in 2010. Prior to joining Kennametal in 2001, Mr. Greenfield was a member of Buchanan Ingersoll & Rooney P.C., a Pittsburgh-based law firm, focusing on corporate, financial and transactional issues involving public and private companies. He also served as Senior Vice President, General Counsel and Secretary of Meritor Automotive, Inc. and Associate General Counsel of Rockwell International Corporation. He is also active in a number of charitable, educational and civic organizations. Mr. Greenfield earned a Bachelor of Arts degree from the University of Pittsburgh and a law degree from Wake Forest University School of Law. Having practiced law for over 35 years and served in executive capacities for three publicly traded companies, Mr. Greenfield has extensive experience in corporate governance, ethics and compliance matters and the execution of corporate strategy and is therefore qualified to serve as a director.

*Luke A. Latimer.* Mr. Latimer, age 35, has served as Executive Vice President and Treasurer of R&L Development, a heavy construction company in New Alexandria, Pennsylvania, since 2001, and Vice President and Treasurer of Derry International LTD, Incorporated, a mining company based in New Alexandria, Pennsylvania, since 1999. Mr. Latimer joined our Board in April 2011. He also serves as a director of First Commonwealth Bank and is a member of our Risk Committee and our Credit Committee. Mr. Latimer is also Chairman of the Board of Directors of First National Bank of Santa Fe and a director of New Mexico Banquest Corporation, a bank and bank holding company in Santa Fe, New Mexico. He earned a Bachelor of Science degree in Business Management from Saint Vincent College. His qualifications for service as a director include his extensive business experience and his years of service as a director in the financial services industry.

*James W. Newill.* Mr. Newill, age 77, is Certified Public Accountant licensed in Pennsylvania, Florida and Ohio. He was formerly President of J. W. Newill Company, a certified public accounting firm. Mr. Newill served as Mayor of Highland Beach, Florida, from March 2008 until March 2011, and was previously Commissioner of Highland Beach, Florida, from 2005 to 2008. Mr. Newill previously served as a director of Southwest National Corporation from 1978 and joined our Board in 1998 upon the completion of our merger with Southwest National Corporation. Mr. Newill is a member of our Governance Committee and has chaired our Audit Committee since 2003. He has served as a director for numerous non-profit organizations over the past 40 years and recently served as a keynote participant for a panel on banking regulation. He earned a Bachelor of Science degree in Business Administration from Saint Vincent College. Mr. Newill's qualifications for service on our Board include his expertise in accounting and financial matters and his extensive experience as a director of financial services companies.

*T. Michael Price.* Mr. Price, age 49, is the President and Chief Executive Officer of First Commonwealth Financial Corporation and has been a director of the Company since March 2012. He served as Interim President

## Table of Contents

and Chief Executive Officer of the Company from January 2012 until being appointed to serve in that capacity on a permanent basis in March 2012. Mr. Price has served as President of First Commonwealth Bank since November 2007. In this capacity, Mr. Price oversaw all bank functions, including Retail Banking, Corporate Banking, Wealth Management, Small Business Banking, Credit Administration, Marketing, and Product Development. Before joining First Commonwealth, Mr. Price served as Chief Executive Officer of the Cincinnati and Northern Kentucky Region of National City Bank from July 2004 to November 2007 and as Executive Vice President and Head of Small Business Banking of National City Bank prior to July 2004. Mr. Price received his Bachelor of Science degree from the University of Utah, and he earned his MBA from Cleveland State University. Mr. Price's qualifications for service on our Board include his thorough understanding of the banking and financial services industry, which he has attained through more than 25 years of executive leadership experience.

*Laurie Stern Singer.* Ms. Singer, age 60, has served as the President of Allegheny Valley Development Corporation, a regional not-for-profit economic development company in Brackenridge, Pennsylvania, since 1983. She formerly served as President of the Allegheny Valley Chamber of Commerce. Ms. Singer was a director of Southwest National Corporation from 1994 and joined our Board in 1998 upon the completion of our merger with Southwest National Corporation. She currently chairs our Governance Committee and is also a member of the Audit Committee. Ms. Singer has held leadership positions and has served as a director for numerous professional associations, educational and community organizations. She has a Bachelor of Arts degree from the University of Michigan and a law degree from Wayne State University and is a graduate of the Institute for Organizational Management. Ms. Singer's qualifications for Board service include her business finance and development expertise, her extensive experience as a director of financial services companies and other organizations and her strong commitment and understanding of corporate governance matters.

*Robert J. Ventura.* Mr. Ventura, age 62, is Managing Director of Raptor Partners, LLC, an investment banking firm in Pittsburgh, Pennsylvania, and formerly served in a similar capacity as Principal of Ventura Group, LLC. Mr. Ventura previously served as Director of Acquisitions and Divestitures and Director of Financial Planning and Analysis during a 15-year career with Rockwell International Corporation, a diversified global manufacturing company. Mr. Ventura served as a director of GA Financial, Inc. from 1998 and joined our Board in 2004 at the completion of our acquisition of GA Financial, Inc. Mr. Ventura is a member of our Audit Committee and chairs our Compensation and Human Resources Committee. He earned a Bachelor of Science degree in Industrial Engineering from the University of Pittsburgh and Masters of Business Administration degree from Duquesne University and holds his Series 79 and 63 securities licenses. Mr. Ventura's qualifications for Board service include his expertise in business and financial analysis and mergers and acquisitions and his experience as a director in the financial services industry.

Each director elected this year will continue in office until a successor has been elected. Each nominee has indicated that he or she will serve if elected. We do not anticipate that any nominee will be unable or unwilling to stand for election, but if that happens, your proxy will be voted for another person nominated by the Board. The Board may also choose to reduce the number of directors to be elected, as permitted by our By-laws.

**The Board of Directors recommends that you vote **FOR** each of the nominees listed above.**

**Table of Contents**

**PROPOSAL 2 RATIFICATION INDEPENDENT ACCOUNTING FIRM**

At the annual meeting, a vote will be taken on a proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012. KPMG LLP has audited our financial statements since 2006.

The Audit Committee of the Board has appointed KPMG LLP as the independent auditors of First Commonwealth and our subsidiaries for the year ending December 31, 2012. Although shareholder approval is not required, the Board desires to obtain shareholder ratification of this appointment. If the appointment is not ratified at the annual meeting, the Board will review its future selection of auditors. If the appointment is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of First Commonwealth and its shareholders. Representatives of KPMG LLP are expected to be present at the annual meeting to make a statement if they so desire and to respond to appropriate questions.

The affirmative vote of the holders of a majority of First Commonwealth's common stock present in person or represented by proxy at the annual meeting is necessary for ratification of the selection of KPMG LLP as our independent registered public accounting firm.

**The Board of Directors recommends that you vote FOR the ratification of the selection of KPMG LLP as our independent registered public accounting firm.**

**Table of Contents**

**ANNUAL AUDIT INFORMATION**

**Report of the Audit Committee**

The Audit Committee of First Commonwealth's Board of Directors operates under a written charter that specifies the Audit Committee's duties and responsibilities. This charter is available on First Commonwealth's website at [www.fcbanking.com](http://www.fcbanking.com) by following the links to Investor Relations and Corporate Governance.

Management is responsible for the financial reporting process, the system of internal controls, including internal control over financial reporting, and procedures designed to ensure compliance with accounting standards and applicable laws and regulations. KPMG LLP, First Commonwealth's independent registered public accounting firm (independent auditors), is responsible for the integrated audit of the consolidated financial statements and internal control over financial reporting. The Audit Committee's responsibility is to monitor and oversee these processes and procedures. The Audit Committee relies, without independent verification, on the information provided to the Audit Committee and on the representations made by management regarding the effectiveness of internal control over financial reporting, that the financial statements have been prepared with integrity and objectivity and that such financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Audit Committee also relies on the opinions of the independent auditors on the consolidated financial statements and the effectiveness of internal control over financial reporting.

In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the audited consolidated financial statements of First Commonwealth as of and for the year ended December 31, 2011 with First Commonwealth's management and the independent auditors. The Audit Committee has also discussed with First Commonwealth's independent auditors the firm's independence from the Company and management, and has received the written disclosures and the communication from the independent auditor required by applicable requirements of the Public Company Accounting Oversight Board (PCAOB) regarding the independent auditor's communications with the Committee concerning independence. In addition, the Committee has discussed with the independent auditor the required communications of Statement on Auditing Standards No. 61, *Communication With Audit Committees*.

Based on the review and discussions noted above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in First Commonwealth's annual report on Form 10-K for the fiscal year ended December 31, 2011 for filing with the Securities and Exchange Commission.

Submitted by the Audit Committee,

James W. Newill, Chairman  
Julie A. Caponi  
Laurie S. Singer  
Robert J. Ventura

**Table of Contents****Fees Billed by Accounting Firm to First Commonwealth**

The aggregate fees billed by KPMG LLP for each of the fiscal years ended December 31, 2011 and 2010, respectively, were as follows:

	<b>For the Fiscal Year Ended December 31, 2011 (\$)</b>	<b>For the Fiscal Year Ended December 31, 2010 (\$)</b>
Audit Fees	997,560(1)	1,232,270
Audit Related Fees	0	0
Tax Fees	0	0
All Other Fees	0	0

- (1) The amount of Audit Fees for 2011 represents actual fees billed and does not include additional fees related to the integrated audit of First Commonwealth's 2011 consolidated financial statements that may be billed after the date of this proxy statement.

**Audit Committee Pre-Approval Policies and Procedures**

The Audit Committee is required to pre-approve the audit and non-audit services performed by First Commonwealth's independent auditors in order to assure that the provision of those services does not impair the accounting firm's independence. Accordingly, the Audit Committee has adopted a policy for the pre-approval of audit and non-audit services by First Commonwealth's independent auditors. This policy allows the Audit Committee to pre-approve services through general pre-approval or specific pre-approval.

Under general pre-approval, the Audit Committee approves in advance the payment of up to a specified amount of fees for the performance of specified types of audit, audit-related, tax and other services by the independent auditors. The term of general pre-approval is generally twelve (12) months from the date of pre-approval. Any services that are not subject to general pre-approval or fees in excess of pre-approved limits must be specifically pre-approved by the Audit Committee on a case-by-case basis. Pre-approved fee levels or budgeted amounts for all services to be provided by the independent auditors are established annually by the Audit Committee.

The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent auditors to management. However, the pre-approval policy allows the Audit Committee to delegate to one or more designated members of the Audit Committee the authority to grant required pre-approvals. The decision of any member to whom authority is delegated to pre-approve an activity is presented to the full Audit Committee at its next scheduled meeting.

**PROPOSAL 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION**

First Commonwealth is providing shareholders with the opportunity at the 2012 Annual Meeting of Shareholders to vote on an advisory resolution, commonly known as Say-on-Pay, to approve the compensation of First Commonwealth's named executive officers. Such compensation is described on pages 20 through 38 of this proxy statement. We currently conduct Say-on-Pay votes annually; accordingly, the next Say-on-Pay vote is expected to occur in 2013.

The Compensation and Human Resources Committee, which is responsible for the compensation of our executive officers, has overseen the development of a compensation program designed to attract, retain and motivate executives who enable us to achieve our strategic and financial goals. The Compensation Discussion and Analysis section of this proxy statement and the tabular disclosures regarding named executive officer compensation, together with the accompanying narrative disclosure, allow shareholders to view the trends in compensation and application of our compensation philosophies and practices for the years presented.

**Table of Contents**

Shareholders are being asked to vote on the following advisory resolution:

RESOLVED, that the shareholders approve the compensation of First Commonwealth Financial Corporation's named executive officers as described in the Compensation Discussion and Analysis section and in the tabular disclosure regarding named executive officer compensation (together with the accompanying narrative disclosure) in this proxy statement.

Because your vote is advisory, it will not be binding upon the Board of Directors. However, the Compensation and Human Resources Committee and the Board will take the outcome of the vote into account when considering future executive compensation arrangements.

**The Board of Directors recommends that you vote FOR the advisory resolution on executive compensation.**

## Table of Contents

### EXECUTIVE COMPENSATION

#### Compensation Discussion and Analysis

This section contains a description of the objectives and components of our executive compensation program, focusing on compensation decisions in 2011 affecting our named executive officers. These include each person who served as our Chief Executive Officer (CEO) or as our Chief Financial Officer (CFO) during 2011 and the three other executive officers who earned the highest compensation during 2011. One former executive officer is also considered to be a named executive officer under SEC rules because his 2011 compensation, inclusive of separation payments and benefits, would have placed him among the three most highly compensated executive officers if he had remained in our employment at the end of 2011. Our named executive officers and the positions that each officer held during 2011 were:

John J. Dolan, Former President and Chief Executive Officer;

Robert E. Rout, Executive Vice President and Chief Financial Officer;

T. Michael Price, President of First Commonwealth Bank;

I. Robert Emmerich, Executive Vice President and Chief Credit Officer;

Sue A. McMurdy, Executive Vice President and Chief Information Officer; and

Thaddeus J. Clements, Former Executive Vice President / Strategic Resources.

Messrs. Dolan and Clements each resigned from the Company during 2011. Mr. Price has been appointed as Interim CEO pending a search for a permanent successor to Mr. Dolan. We provided reasonable and customary severance arrangements to the departing executive officers, and we adjusted Mr. Price's base salary and provided a special equity award to him in connection with his appointment as Interim CEO. These compensation decisions are discussed in greater detail below.

#### Executive Compensation Philosophy

The Compensation and Human Resources Committee (as used in this section, the Committee) believes that the success of the Company in achieving its strategic objectives will depend in large part on the ability to attract and retain exceptional talent, to effectively assess the talent currently available to the organization, and to align the interests of all executives with those of our investors. The Committee has established an approach to talent and pay that it believes will help achieve this mission and reduce the risk surrounding executive performance.

*Competitive Compensation.* To attract and retain critical talent for 2012, the Committee is providing compensation opportunities to executive officers that, in the aggregate, reflect the median practices of eleven similar Pennsylvania banking peers and reflect the range of competitive practice (i.e., 35th percentile to the 65th percentile) of a larger nationwide group of community banks with \$4 billion to \$10 billion in assets. Individual pay levels are expected to vary from median levels consistent with capabilities and performance.

*Pay-for-Performance.* To earn competitive total pay levels, executive officers will be required to meet financial and operating objectives derived from internal business plan objectives as well as outperform their Pennsylvania peers.

*Link Compensation to Talent and Accountability.* To ensure the best talent is available to the organization, the Committee has established a process for reviewing the leadership skills and professional competence of executive officers as part of an overall review and assessment of individual performance. Executives are held individually accountable for providing leadership to the organization and achievement of individual internal financial and non-financial objectives. Results of this assessment serve as input to Committee deliberations over salary increases and incentive adjustments and as input to related management selection and employment discussions.

## **Table of Contents**

*Promote a Long-Term Perspective.* To provide a level of alignment of interests with those of investors, and to emphasize a long-term view toward risk, the Committee established a policy whereby 100% of long-term incentives and any portion of annual incentives in excess of target levels are paid in restricted shares. For the annual plan this equates to a three year period from the beginning of the performance period until actual vesting of the shares. For the long-term plan this equates to a total of four years from the beginning of the performance period through the vesting date.

*Promote Share Ownership.* Lastly, all executives are obligated to meet stock ownership guidelines and, once ownership guidelines are achieved, the executives remain restricted in their ability to liquidate shares acquired through Company awards. The Committee believes this approach to talent and pay provides the necessary and appropriate support to achieve investor success.

### **Operation and Role of the Compensation Committee**

The Compensation and Human Resources Committee of the Board is comprised of four directors: Robert Ventura (Chairman), Julie Caponi, Ray Charley and David Greenfield. Each member of the Committee is an independent director for purposes of the NYSE listing standards. The Committee operates under a written charter that is reviewed and approved annually by the Board. A copy of this charter is available under the Investor Relations Corporate Governance section of our website, <http://www.fcbanking.com>.

The basic responsibilities of the Committee are to:

oversee First Commonwealth's overall compensation structure, policies and programs, and assess whether that structure establishes incentives for management and employees that appropriately balance risk and financial results;

determine the CEO's salary, bonus and other incentive and equity compensation and review and approve the individual and corporate goals assigned to the CEO and evaluate the performance of the CEO in light of those goals;

determine the salary, bonus and other incentive and equity compensation of the other executive officers and review and approve the individual and corporate goals assigned to the executive officers and the CEO's evaluation of the performance of the executive officers in light of those goals;

oversee our succession planning and talent management processes; and

oversee the development, implementation and administration of incentive compensation and equity-based plans and approve awards under equity-based plans.

The Committee relies upon performance data, statistical information and other data regarding executive compensation programs and peer practices provided from time to time by First Commonwealth's Human Resources Department, officers and outside advisors. The Committee has access to individual members of management and employees and may invite them to attend any Committee meeting. The Committee has the power and discretion to retain, at First Commonwealth's expense, independent counsel and other advisors and experts as it deems necessary or appropriate to carry out its duties.

For 2011, the Committee retained Board Advisory LLC as its compensation consultant to provide advice and resources to help refine and execute our overall compensation strategy. Board Advisory LLC reports directly to the Committee, and the Committee has the sole power to terminate or replace and authorize payment of fees to Board Advisory LLC at any time. In 2011, the Committee directed Board Advisory LLC to work with members of our management to obtain information necessary for it to form its recommendations and evaluate management's recommendations. Board Advisory LLC also met with the Committee during the Committee's regular meetings, in executive session (where no members of management are present), and with the Committee Chair and other members of the Committee outside of the regular meetings.



## **Table of Contents**

As part of its engagement in 2011, Board Advisory LLC was asked to evaluate our performance and compensation against the performance and compensation of our peer group, make recommendations regarding the design of executive incentive compensation plans and employment and change of control agreements and assess compensation for the Board of Directors and executive officers.

### **Role of Executives in Establishing Compensation**

The CEO plays a significant role in the design and implementation of our compensation program for all executive officers other than himself. His role includes:

making recommendations on performance measures and goals for our incentive plans;

evaluating executive officer performance;

making recommendations regarding corporate titles, base salaries, annual and long-term incentive award opportunities and other employment terms for executive officers; and

providing background information for Committee meeting agenda items.

The CEO generally attends Committee meetings, but he is not present during executive sessions of the Committee at which his performance and compensation are discussed. Other members of management also attend meetings from time to time at the request of the Committee to provide reports and information on agenda topics.

### **Peer Comparisons**

The Committee reviews a peer compensation assessment annually as a market check for the Company's executive pay and performance. This assessment is performed using compensation data provided by Board Advisory LLC, the Committee's independent compensation consultant. The peer group is intended to:

serve as a point of reference for defining the range of competitive pay practices, including the range of target total pay opportunities appropriate for First Commonwealth executive officers;

serve as a point of reference in understanding the relative expense burden associated with First Commonwealth executive officer pay;

help the Committee to assess pay-related talent risk by providing transparent pay data from those companies most likely to attract First Commonwealth's executive officers; and

help the Committee to test the alignment of actual pay delivered relative to Company performance and calibrate future payouts.

The Committee uses two peer groups for its compensation assessment. The first is a national group consisting of all community banks with assets of \$4 billion to \$10 billion. The national peer group, which included 43 companies at the time of the Committee's most recent assessment, is intended to provide stable information regarding competitive pay for First Commonwealth's executive positions. The Committee then considered the local pay practices and performance of an 11-company group of banks having significant operations in or near First Commonwealth's Pennsylvania market area, which we refer to as the Pennsylvania peer group. This peer group represents the banks that would most likely be an attractive source of talent and a realistic source of competition for current executive officers. Testing First Commonwealth's performance against this peer group also helps the Committee to assess First Commonwealth's progress toward becoming the highest performing Pennsylvania bank.

## Edgar Filing: FIRST COMMONWEALTH FINANCIAL CORP /PA/ - Form DEF 14A

The Pennsylvania peer group, which ranged in size from \$2 billion to \$20 billion in assets for the time period reported, consisted of the following companies:

Community Bank System  
FNB Corporation  
First Niagara Financial Group  
Fulton Financial Group  
Metro Bancorp Inc.  
N B T Bancorp Inc.

National Penn Bancshares  
S & T Bancorp Inc.  
Susquehanna Bancshares  
Univest Corp  
Wesbanco Inc.

## **Table of Contents**

Based upon a comparison of projected 2011 compensation for First Commonwealth executive officers with actual market data derived from 2010 Pennsylvania and national peer group pay disclosures, the Committee determined that executive officer salaries were competitive and reasonable. The market data reflected escalation of competitive total pay levels as a result of substantially increased annual cash bonus payments from improvement in banking industry performance. First Commonwealth's executive compensation opportunity (based upon the target pay opportunity) remains competitive in the aggregate. However, First Commonwealth's actual executive pay remains below the median of the Pennsylvania peer group due to the absence of any incentive payout in 2011, which is consistent with the Committee's pay-for-performance philosophy.

### **Elements of Compensation**

The compensation program for our named executive officers consists of base salary, cash and equity-based incentive compensation and other benefits. Each of these elements of compensation is described below.

#### **Base Salary**

We provide base salaries to compensate our named executive officers for services performed during the year. Base salaries further our objectives of attracting and retaining executive talent and providing compensation that is competitive with our peers. Base salary directly affects the size of incentive plan awards, because we express incentive plan awards as a percentage of salary.

Base salaries for executive officers are determined by:

Evaluating the responsibilities of the position held and the experience of the individual; and

Considering the competitive marketplace for executive talent, primarily through a comparison to base salaries for comparable positions with companies in our national and Pennsylvania peer groups.

The Committee typically reviews base salaries annually as part of the performance review process as well as upon promotion or other change in job responsibility. Adjustments to base salaries are determined primarily by:

The performance of the executive's business unit, based upon measures contained in business unit scorecards and the success of business unit operating initiatives; and

An evaluation of the executive's personal development, which includes an assessment of his or her individual skills and attributes through a formal performance evaluation and progress on individual development objectives.

In December 2011, the Committee approved an increase in Mr. Price's base salary from \$367,700 to \$420,000 in connection with his appointment as the Interim President and Chief Executive Officer. The Committee determined that this salary was appropriate for the additional responsibilities undertaken by Mr. Price and reasonable in comparison to base salaries paid to CEOs of peer group companies. The Committee approved base salary increases of approximately 2% for the other named executive officers in 2012, which is commensurate with the average merit increase given to other employees of the Company.

#### **Incentive Compensation**

In order to align pay with corporate performance, the Committee seeks to appropriately balance fixed compensation with variable, or at risk, incentive compensation that is contingent on the financial success of the organization. Incentive compensation represents approximately 50% of the total compensation opportunity for the CEO and a significant portion of the total compensation opportunity of other named executive officers.

The named executive officers and certain other key executives participate in two incentive compensation plans:

an annual incentive plan, or AIP, which provides for the payment of annual cash awards (and in the event the target goals are exceeded, time-based restricted stock) based on the attainment of annual corporate performance measures, and

**Table of Contents**

a long-term incentive compensation plan, or LTIP, which provides performance-based equity compensation based on the attainment of corporate performance measures relative to the Company's peers over a rolling three-year period and service-based restricted stock as a means to retain executive talent.

Each plan includes performance goals with threshold, target and superior performance levels. The threshold level represents the minimum acceptable level of performance to earn an award under the particular performance goal. The target level of performance is generally aligned with our budget in the case of corporate performance goals under the AIP and performance that exceeds the peer median in the case of our LTIP. Superior performance reflects stretch targets in the case of corporate performance goals under the AIP and performance within the top quartile of our peer group in the case of our LTIP.

These plans are intended to align our executives' financial interests with those of our investors. The combination of annual and long-term incentives is intended to balance our desire to improve financial results over the short term with the need to employ prudent and sustainable growth strategies.

**2011 Incentive Plans**

First Commonwealth's financial performance fell short of internal expectations in 2011, as weak loan demand and higher-than-expected credit costs negatively impacted earnings. As a result, no awards were earned under the AIP in 2011. In addition, awards were not earned under the LTIP for the 2009-2011 performance period.

The following tables compare actual and target performance for the 2011 AIP and the 2009-2011 LTIP:

Performance Goal	2011 AIP		Outcome
	Target	Actual	
Earnings per Share	\$ 0.42	\$ 0.15	Did not meet threshold
Return on Average Equity	5.80%	2.00%	Did not meet threshold
Efficiency Ratio	60.60%	70.49%	Did not meet threshold

Performance Goal	2009-2011 LTIP		Outcome
	Target	Actual	
Cumulative Earnings Per Share	\$ 2.92	\$ 0.16	Did not meet threshold
Return on Average Equity	12.29%	0.76%	Did not meet threshold
Efficiency Ratio	54.75%	65.30%	Did not meet threshold

**2012 Incentive Plans**

In February 2012, the Committee approved incentive awards for named executive officers consisting of an AIP based on 2012 performance and a LTIP based on performance over a three-year performance cycle from 2012 through 2014.

**2012 Annual Incentive Plan.** The 2012 AIP utilizes corporate and individual performance measures to maximize the alignment between executive incentive pay and corporate performance. The Committee retained earnings per share (EPS), return on average equity (ROE) and efficiency ratio as performance measures due to their strong alignment with shareholder return. The Committee added an individual performance component for each participant other than the CEO and CFO, which consists of two or three measures that are tied to the achievement of objectives related to each executive's business unit or function. The individual performance component is weighted 50% for executive officers who oversee risk management and control functions (i.e., our Chief Credit Officer, Chief Risk Officer and Chief Audit Executive) and 25% for other executive officers. The higher weighting of the individual performance component for risk management and control executives is to preserve the independence of their perspectives and avoid the appearance of conflicts of interest. The payout for the individual performance component is limited to the target payout level and is determined at the discretion of the Committee based in part upon the CEO's assessment of the executive's broad contribution to the organization as a whole.

**Table of Contents**

The table below lists the performance measures for the 2012 AIP and their respective weightings:

Measure	CEO & CFO Weighting	Risk Management Participant Weighting	Other Participant Weighting
ROE	25%	15%	25%
EPS	50%	20%	25%
Efficiency Ratio	25%	15%	25%
Individual performance component	N/A	50%	25%

Each corporate performance measure has been assigned a threshold, target and superior level of performance. The payout for threshold performance is 25% of the target award amount, and the payout for superior performance is 150% of the target award amount. For 2012, the Company established and the Committee approved threshold and target performance levels consistent with meaningful improvement in company financial results and meaningful challenge for management. Superior performance levels are tied to returning the company to at least median levels of expected performance within the Pennsylvania peer group. The Committee believes that it remains important to provide meaningful incentives to substantially improve the company's performance using internal business plans, but that any definition of superior performance should be anchored in the relevant marketplace of peer company performance levels. The Committee retains the discretion in the 2012 AIP to increase or decrease an executive's incentive payment by up to 25 percentage points, not to exceed 150% of target maximum payout. This discretion will allow the Committee to recognize stand-out performance or significant performance shortfalls by individual executives and to reflect outcomes or behaviors that were not contemplated when executive scorecards were developed. The Committee expects that this discretion will be exercised only on an as-needed, exception basis.

If the target goals are exceeded with respect to the 2012 AIP awards, the excess will be paid in restricted stock, which will vest two years after the end of the performance period (i.e., December 31, 2014), subject to the stock ownership and retention guidelines described below. The use of restricted stock is intended to further align the interests of executives with shareholders and serve as a retention tool for executive talent.

Target awards under the AIP are calculated based upon a percentage of each executive's base salary, as follows: CEO 50%; CFO 35%; other named executive officers 25%. The target awards for the named executive officers under the 2012 AIP are as follows:

Officer	Target Award
T. Michael Price	\$ 210,000
Robert E. Rout	\$ 130,448
I. Robert Emmerich	\$ 65,000
Sue A. McMurdy	\$ 75,624

**2012-2014 Long-Term Incentive Plan.** We believe that stock ownership by our executive officers is an important tool for aligning their interests with those of our shareholders over the long-term. Therefore, our long-term incentive compensation consists entirely of equity compensation awards. For the 2012-2014 LTIP, the awards for the named executive officers other than the CEO consist of:

50% performance-based restricted stock units; and

50% service-based restricted stock.

The pay mix for the Chief Executive Officer consists of 100% performance-based restricted stock units.

Each of these forms of award encourages executives to use their best efforts to increase the value of our stock, since the value of the awards increases with the value of our stock. The Committee included service-based

**Table of Contents**

restricted stock in the LTIP awards for executive officers other than the CEO to promote greater share ownership and to provide a valuable retention tool following three years in which no incentive awards were paid. The service-based awards also include restrictive covenants to protect the company's customer and employee relationships and confidential information following the termination of the executive's employment with us.

Any shares deemed earned for the 2012-2014 performance period under the performance-based restricted stock unit award will vest after one year (i.e., December 31, 2015), while the service-based restricted stock is subject to a three-year cliff-vest (i.e., December 31, 2014). Each of these awards is subject to the retention requirements under the stock ownership guidelines described below. The target share awards for named executive officers under the LTIP are as follows:

Officer	Target Performance-Based Share Award	Time-Based Share Award
T. Michael Price	40,000	
Robert E. Rout	11,000	11,000
I. Robert Emmerich	6,000	6,000
Sue A. McMurdy	6,000	6,000

The number of performance-based shares which may be earned under the LTIP ranges from 40% of the target performance-based share award for threshold performance to 200% of the target performance-based share award for superior performance.

The Committee continues to use relative performance measures for the performance-based awards under the 2012-2014 LTIP based on the Company's financial performance in relation to the Pennsylvania peer group. To earn the target performance-based share award, the Company's relative performance must rank at the 55th percentile of this peer group.

The measures and weightings for the 2012-2014 LTIP awards are as follows:

Measure	Weighting
ROE relative to peers(1)	70%
Three-year total return to shareholders relative to peers	30%

(1) Based 50% on 2013 ROE relative to peers and 50% on 2014 ROE relative to peers.

**Stock Ownership Guidelines**

The Committee has established stock ownership and retention guidelines to encourage higher levels of stock ownership by our executive officers. These guidelines are summarized in the table below.

Position	Ownership Target (lesser of)		
	Multiple of Salary	Or	Number of Shares
Chief Executive Officer	5X	Or	300,000
Chief Financial Officer / Bank President	3X	Or	140,000
Other Executive Officers	2X	Or	60,000
Other executives who participate in the Long-Term Incentive Plan	1X	Or	25,000

Executives are not required to purchase shares to reach these ownership guidelines. However, they are restricted from liquidating shares received as equity-based compensation (net of tax) until the guidelines are achieved and are required to retain at least 50% of shares earned under equity-based compensation plans once the guidelines have been met. The Committee believes that these stock ownership guidelines, coupled with the use of equity-based compensation in our AIP and LTIP, will increase the level of executive stock ownership over time, which will further align the interests of our executives with shareholders.



## **Table of Contents**

### **Benefits**

The executive officers participate in employee benefit programs available to all other eligible employees of First Commonwealth, including our 401(k) plan, Employee Stock Ownership Plan, and group medical, life and disability insurance. In addition, First Commonwealth provides certain supplemental executive benefits and perquisites to the named executive officers as described below.

### **Nonqualified Deferred Compensation Plan**

The named executive officers are eligible to participate in a Nonqualified Deferred Compensation Plan (formerly called the Supplemental Executive Retirement Plan ). This Plan was established to restore benefits that are not available to them as highly compensated employees, according to rules of the IRS, under our 401(k) plan and Employee Stock Ownership Plan. Under the terms of this Plan, each participant may contribute up to 25% of his/her compensation in excess of IRS limits to the Plan in the form of a salary reduction. There are presently no employer matching contributions under the Plan. The Committee believes that the Nonqualified Deferred Compensation Plan is necessary to provide competitive retirement benefits to executives.

### **Change of Control Agreements**

We have entered into Change of Control Agreements with certain key employees in order to promote stability and continuity of senior management and provide our executives the ability to fairly negotiate a potential corporate transaction on behalf of our shareholders. We believe these agreements are necessary to attract, retain, and motivate executive talent. However, we also believe that Change of Control Agreements should not allow executives to voluntarily terminate employment with severance. Therefore, our Change of Control Agreements require that there be both a change of control and an involuntary termination without cause (as defined) or a voluntary termination for good reason (as defined), which is often referred to as a double-trigger. The double-trigger ensures that we or our successor will become obligated to make payments under the Change of Control Agreements only if the executive is actually or constructively discharged as a result of the change of control.

During 2011, the Committee approved a new form of Change of Control Agreement which modified the existing form of Agreement to better align its terms with sound corporate governance practices. We entered into a new Change of Control Agreement with certain of our executive officers, including Messrs. Price, Rout and Emmerich. The new form of Agreement, among other things:

reduces the period during which severance is payable from 36 months to 24 months in the case of Mr. Price;

caps the period for the continuation of medical and other benefits at 18 months;

modifies the definition of cause to cover a broader range of events;

modifies the definition of change of control to exclude the placement of the Company or its bank subsidiary into receivership, the sale of the Company in an FDIC-assisted transaction and similar events; and

modifies the term of the Agreements from perpetual to a fixed term in order to afford the Committee the opportunity to review and amend or terminate the Agreements as warranted.

A summary of the material terms of the Change of Control Agreements for our named executive officers and the amount payable to each in the event of a qualifying termination of employment is set forth in the Potential Payments Upon Termination or Change of Control section of this proxy statement.

### **Employment Agreements**

Edgar Filing: FIRST COMMONWEALTH FINANCIAL CORP /PA/ - Form DEF 14A

We have employment agreements with Mr. Price and Mr. Rout. Each agreement sets a minimum base salary and provides for the executive's participation in our welfare and retirement benefit plans, as well as our annual

## **Table of Contents**

and long-term incentive compensation plans. The agreements also provide for the payment of severance following termination of the executive's employment without cause and prohibit the executives from competing with us or soliciting our customers or employees for a specified period following the termination of their employment with us. In each case, the Committee determined that the severance rights and guaranteed base salary provided by the employment agreements were consistent with competitive market practice and appropriate in consideration of their significant responsibilities and the benefits that we receive from the restrictive covenants contained in their employment agreements.

These employment agreements and the amounts payable upon termination of each executive's employment are outlined in greater detail in the Potential Payments Upon Termination or Change of Control section of this proxy statement.

## **Perquisites**

We pay club dues for certain executives to support business development activities, including Mr. Price and Ms. McMurdy. We did not pay dues for any other executive officer during 2011.

## **Special Equity Awards**

We granted special equity awards to Mr. Price and Mr. Emmerich, which consist of time-vested restricted stock that were approved to recognize the efforts and contributions of these executives and to provide an incentive for their retention. The award to Mr. Price, which was effective January 1, 2012, recognizes his additional responsibilities as Interim CEO and his leadership in attracting and retaining critical talent and building a sales and service culture to generate organic growth. The award to Mr. Emmerich recognizes his ongoing contributions through the restructuring of our credit administration function and the resolution of problem assets, which is critical to ensuring profitable growth and the safety and soundness of our banking subsidiary.

## **Separation Agreements with Former Executives**

During 2011, the Committee approved separation agreements for John J. Dolan, former President and CEO, and Thaddeus J. Clements, former Executive Vice President / Strategic Resources. In approving the separation agreements with Messrs. Dolan and Clements, the Committee considered the overall contributions of each executive, the terms of comparable agreements offered to similarly-situated executives and the benefits to the Company from obtaining a release of claims and other agreements in favor of the Company.

## **Tax Treatment of Compensation**

Section 162(m) of the Code limits the deductibility of the compensation in excess of one million dollars paid to the CEO, CFO and the three most highly compensated executive officers other than the CEO and CFO, unless such compensation qualifies as performance-based compensation. We intend for awards under our AIP and LTIP (other than awards of time-vested restricted stock) to meet the performance-based compensation exception to the annual one million dollar limitation. While we are cognizant of the tax deduction limitations applicable to our compensation program for named executive officers, we may set compensation levels outside the deduction limitations if we deem the amount of compensation appropriate.

## **2011 Advisory Vote on Executive Compensation**

Our shareholders approved, in an advisory vote, the compensation of our named executive officers at our 2011 annual meeting of shareholders. The advisory vote received the support of approximately 94% of the votes cast (excluding abstentions and broker non-votes). While the Committee considered the results of this advisory vote to be favorable, it did not speculate as to the intent of the shareholders or otherwise consider the advisory vote when making decisions regarding the compensation of our named executive officers.

**Table of Contents**

**Compensation Committee Report**

The Compensation and Human Resources Committee has reviewed and discussed with management the Compensation Discussion and Analysis set forth in the preceding pages of this proxy statement, and based on such review and discussions, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 as filed with the Securities and Exchange Commission.

Respectfully submitted,

Robert J. Ventura, Chairman  
Julie A. Caponi  
Ray T. Charley  
David W. Greenfield

**Table of Contents****Summary Compensation Table for 2011, 2010 and 2009**

The table below shows compensation of our named executive officers.

Name and Principal Position	Year	Salary (\$)(2)	Bonus (\$)	Stock Awards (\$)(3)	Non-Equity Incentive Plan Compensation (\$)(4)	All Other Compensation (\$)(4)(5)	Total (\$)
John J. Dolan(1)	2011	460,000		239,020		732,219	1,431,239
Former President and Chief Executive Officer	2010	460,000				16,758	476,758
	2009	530,000				25,946	555,946
Robert E. Rout	2011	367,200	87,500	133,570		17,487	605,757
Executive Vice President and Chief Financial Officer	2010	330,000	87,500	171,684		903	590,087
	2009	367,700		189,810		15,680	573,190
T. Michael Price	2010	360,500				17,458	377,958
President of First Commonwealth Bank	2009	360,500				45,103	405,603
I. Robert Emmerich	2011	250,000		226,740		17,930	494,670
Executive Vice President and Chief Credit Officer	2010	298,025		70,300		15,680	384,005
Sue A. McMurdy	2010	292,125				16,758	308,883
Executive Vice President and Chief Information Officer	2009	292,125				26,766	318,891
Thaddeus J. Clements	2011	166,063		70,300		362,221	598,584
Former Executive Vice President / Strategic Resources							

(1) Mr. Dolan retired as our President and Chief Executive Officer effective December 31, 2011.

(2) Annual salary includes compensation deferred at the election of the named executive officer pursuant to First Commonwealth's 401(k) plan and non-qualified deferred compensation plan.

(3) Stock awards for 2011 represent the grant date fair value of performance-based awards granted under the Company's 2011-2013 long-term incentive plan (LTIP), as well as a special equity award granted to Mr. Emmerich, in each case as determined pursuant to Accounting Standards Codification Topic 718, Stock Compensation (ASC 718). Assumptions used in the calculation of this amount are included in Note 25 to the Company's audited financial statements for the fiscal year ended December 31, 2011, included in the Company's Annual Report on Form 10-K. The awards granted under the LTIP vest only if the Company achieves

## Edgar Filing: FIRST COMMONWEALTH FINANCIAL CORP /PA/ - Form DEF 14A

certain performance goals and the officer continues his or her employment with the Company for one year following the end of the performance period (i.e., December 31, 2014). The amounts reflected assume that we will achieve the required performance goals at target levels and that the officer will continue to be employed by us through December 31, 2014. The LTIP award to Mr. Clements was forfeited upon the termination of his employment. We agreed in connection with Mr. Dolan's retirement to award him one-third of the shares that he would be entitled to receive under the LTIP at the end of the performance period, if and to the extent the applicable performance criteria for the LTIP are achieved. The following table provides additional information regarding the performance-based awards granted during 2011. The target amounts have been included in the above table and are reflected below for comparative purposes:

<b>Name</b>	<b>At Target (\$)</b>	<b>At Superior (\$)</b>
John J. Dolan	239,020	478,040
Robert E. Rout	133,570	267,140
T. Michael Price	189,810	379,620
I. Robert Emmerich	56,240	112,480
Sue A. McMurdy	70,300	140,600
Thaddeus J. Clements	70,300	140,600

**Table of Contents**

- (4) While non-equity incentive awards were granted to the named executive officers under our Annual Incentive Plan, no awards were earned in 2011, 2010 or 2009.
- (5) The amounts shown under the heading **All Other Compensation** reflect, with respect to each named executive officer, (i) matching contributions made by First Commonwealth under First Commonwealth's 401(k) plan, (ii) discretionary contributions made by First Commonwealth under the 401(k) plan, (iii) the allocation of shares by the Company to the named executive officer's account under the First Commonwealth Employee Stock Ownership Plan, and (iv) dividends on unvested shares of restricted stock:

Name	Matching 401(k)	Discretionary 401(k)	Allocation of ESOP	Restricted Stock
	Contributions (\$)	Contributions (\$)	Shares (\$)	Dividends (\$)
John J. Dolan	4,900	7,350	3,430	0
Robert E. Rout	4,900	7,350	3,430	1,807
T. Michael Price	4,900	7,350	3,430	0
I. Robert Emmerich	4,900	7,350	3,430	2,250
Sue A. McMurdy	4,900	7,350	3,430	0
Thaddeus J. Clements	0	5,396	0	0

- (6) All Other Compensation for Messrs. Dolan and Clements also includes amounts payable under separation agreements totaling of \$716,539 for Mr. Dolan and \$356,825 for Mr. Clements.

**Grants of Plan-Based Awards for 2011**

The following table shows information on plan-based awards to the named executive officers during 2011:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Stocks or Units (#)(3)	Grant Date Fair Value of Stock Awards (\$)(4)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
John J. Dolan	1/17/11	57,500	276,000	414,000	13,600	34,000	68,000	239,020	
Robert E. Rout	1/17/11	32,130	128,520	192,780	7,600	19,000	38,000	133,570	
T. Michael Price	1/17/11	45,963	183,850	275,775	10,800	27,000	54,000	189,810	
I. Robert Emmerich	1/17/11	15,625	62,500	93,750	3,200	8,000	16,000	56,240	
	4/1/11							25,000	170,500
Sue A. McMurdy	1/17/11	18,627	74,506	111,759	4,000	10,000	20,000	70,300	
Thaddeus J. Clements	1/17/11	14,964	59,856	89,784	4,000	10,000	20,000	70,300	

- (1) Amounts reflected under the **Estimated Future Payouts Under Non-Equity Incentive Plan Awards** column of the table above represent the award opportunities for named executive officers under our Annual Incentive Plan (AIP) for 2011 based upon the **threshold**, **target** and **maximum** (referred to as **superior** in the AIP) levels of performance for all relevant performance goals. Awards under the 2011 AIP were payable in cash up to the amount of the target award and in shares of time-vested restricted stock for any amount in excess of the target award amount. The number of shares is determined by dividing such excess by the fair market value of our stock on December 31, 2011. None of the named executive officers earned awards under the 2011 AIP. Refer to the discussion of **2011 Incentive Plans** under the **Compensation Discussion and Analysis** section of this proxy statement for additional information concerning the 2011 AIP.
- (2) The amounts reflected under the **Estimated Future Payouts Under Equity Incentive Plan Awards** column of the table above represent the number of shares of restricted stock that may be issued to our named executive officers under the 2011-2013 Long-Term Incentive Plan (LTIP) based upon the **threshold**, **target** and **maximum** (referred to as **superior** in the LTIP) levels of performance for all relevant



**Table of Contents**

performance goals. Awards deemed earned for the 2011-2013 performance period will be paid in time-vested restricted stock which will vest one year following the end of the performance period (i.e., December 31, 2014).

- (3) The amounts under the All Other Stock Awards reflect the number of shares of time-vested restricted stock awarded to Mr. Emmerich as a special equity award.
- (4) The amounts shown under Grant Date Fair Value of Stock Awards represents the grant date fair value of all performance-based restricted stock awards granted in 2011, assuming payout at target levels, and the grant date fair value of the special equity award granted to Mr. Emmerich in 2011, in each case, as determined under ASC Topic 718.

**Outstanding Equity Awards at Fiscal Year-End 2011**

The following table presents the number of underlying securities, exercise price and expiration date of stock options and the number and market value of unvested stock awards held by the named executive officers as of December 31, 2011:

Name	Grant Date	Option Awards(1)			Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(4)
		Number of Securities Underlying Unexercised Options (#) Exercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(4)	
John J. Dolan	1/17/2011						4,533	23,844
Robert E. Rout	1/17/2011						7,600	39,976
	1/22/2010				15,060	79,216		
T. Michael Price	1/17/2011						10,800	56,808
Sue A. McMurdy	1/17/2011						4,000	21,040
	1/13/2003	10,700	12.06	1/13/2013				
	1/23/2002	12,308	11.70	1/23/2012				
I. Robert Emmerich	4/1/2011				25,000	131,500		
	1/17/2011						3,200	16,832
Thaddeus J. Clements								

- (1) We have not granted stock options to any of the named executive officers since 2003. All of the option awards reflected in the table above have been fully earned and are fully exercisable. Unexercised options terminate on the earlier of the option expiration date indicated or the date that the option holder ceases to be an employee of First Commonwealth (whether employment is terminated voluntarily or involuntarily, for cause or otherwise). However, options will remain exercisable for a period of three (3) months following an employee's retirement (defined in the plan as the termination of employment following the attainment of age sixty (60) after having completed at least ten (10) years of employment with First Commonwealth), death or disability.
- (2) We issued 30,120 shares of time-vested restricted stock to Mr. Rout on January 22, 2010 as an inducement award in connection with his acceptance of employment as our Chief Financial Officer. One-half of these shares vested on each of the first two anniversaries of the date of the award. We issued 25,000 shares of time-vested restricted stock to Mr. Emmerich on April 1, 2011 as a special equity award. These shares vest in full on April 1, 2016. The amounts reflected in the table above under the column Stock Awards reflect the number and market value of the portion of these awards which remained unvested as of December 31, 2011.
- (3)

## Edgar Filing: FIRST COMMONWEALTH FINANCIAL CORP /PA/ - Form DEF 14A

The market value was calculated using the closing market price of First Commonwealth's stock on the NYSE on the last trading day of 2011 (\$5.26 per share).

- (4) Reflects the number and value of shares that would be issued to each named executive officer under our 2011-2013 Long-Term Incentive Plan assuming that the threshold level of performance is achieved. We agreed in connection with Mr. Dolan's retirement to award him one-third of the shares that he would be entitled to receive under this Plan at the end of the performance period, if and to the extent the applicable performance criteria for the Plan are achieved. The value is determined using the closing price of our stock on the NYSE as of December 30, 2011 (\$5.26 per share).

**Table of Contents****Option Exercises and Stock Vested in 2011**

None of the named executive officers exercised stock options during 2011. The following table presents information concerning shares of restricted stock held by named executive officers that vested during 2011:

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(1)
John J. Dolan		
Robert E. Rout	15,060	104,818
T. Michael Price		
Sue A. McMurdy		
I. Robert Emmerich		
Thaddeus J. Clements		

- (1) Calculated by multiplying the number of shares acquired on vesting by market value of the shares on the vesting date using the closing market price of First Commonwealth's stock on the NYSE on the vesting date.

**Nonqualified Deferred Compensation in 2011**

We maintain a non-qualified deferred compensation plan in which each named executive officer may contribute up to 25% of his or her compensation in excess of the amount of compensation that can be recognized for a tax-qualified plan. Amounts held in the plan may be invested at the discretion of the executive in one or more eligible mutual funds. Plan assets are generally distributed in a lump sum following the later of the termination of the officer's employment or the attainment of age 62. Amounts held in the plan are not subject to vesting or forfeiture. The following table presents executive and employer contributions, aggregate earnings, withdrawals and distributions and year-end balance of each the non-qualified deferred compensation plan for 2011.

Name	Executive Contributions in Last FY \$(1)	Registrant Contributions in Last FY \$(1)	Aggregate Earnings in Last FY \$(2)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$)
John J. Dolan	21,500	0	(15,726)	0	665,545
Robert E. Rout	30,550	0	(709)	0	61,146
T. Michael Price	12,270	0	17	0	176,105
Sue A. McMurdy	13,256	0	(1,075)	0	297,486
I. Robert Emmerich	0	0	0	0	0
Thaddeus J. Clements	0	0	(81)	0	4,092

- (1) Amounts contributed to the non-qualified deferred compensation plan are invested in third party investment vehicles, such as mutual funds and money-market accounts. These amounts are included in the Salary column of the Summary Compensation Table.
- (2) Earnings reflect the market return on plan investments and include interest, dividends and appreciation (or depreciation) in the net asset value of investments held in each named executive officer's Supplemental Executive Retirement Plan account.

**Compensation Policies and Practices Relating to Risk Management**

As a financial services institution, our objective is to effectively understand and manage our risk exposures and to ensure we are compensated appropriately for the risks that we take. Incentive plans play an important role in our success by providing specific rewards for achievement of goals, while balancing the risks we undertake with asset quality and safety and soundness considerations. We follow the following compensation policies and practices to ensure that we achieve this balance:

All of our incentive plans have explicit provisions that allow First Commonwealth to recoup any amounts paid to an employee as a result of erroneous or intentionally misrepresented data.

## **Table of Contents**

Our corporate banking incentive plans provide the Company with the right to recover any payments made to an employee in respect of loans that are downgraded to non-accrual status or charged off within 24 months after origination.

Our corporate banking incentive plans have an explicit credit quality disqualifiers, which can reduce or eliminate an incentive otherwise earned if the employee fails to follow established portfolio management requirements.

All sales and service incentives, including all incentives relating to the sale of loan and line-of-credit products, are capped at a performance level reflecting strong but achievable results, at total earnings levels that are within a range of competitive pay levels.

All sales and service incentive plans are reviewed annually and must be approved by a panel of executive officers.

All incentives are monitored by our Human Resources department for compliance with documentation, risk profile and credit quality requirements.

In addition, management performs an annual assessment of First Commonwealth's incentive plans in order to determine the extent to which the incentives could potentially encourage excessive risk taking by our employees or otherwise expose the organization to risks that could destroy shareholder value or jeopardize the safety and soundness of First Commonwealth Bank. This assessment is reviewed by the Risk Committee and Compensation and Human Resources Committee of the Board of Directors. In 2011, the assessment was conducted by our Chief Risk Officer and our Compensation and HRIS Manager. These officers reviewed incentive designs, performance metrics, and resulting performance/payout relationships for positions where incentives for individual behavior could potentially create an incentive for excessive risk taking, as well as mitigating controls in the design and administration of incentive plans. The assessment concluded that our compensation policies do not encourage excessive and unnecessary risk-taking and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on the Company.

## **Potential Payments Upon Termination or Change of Control**

### **Overview**

First Commonwealth has entered into agreements with certain executive officers and key employees, including Mr. Rout, Mr. Price, Ms. McMurdy and Mr. Emmerich, which provide for the payment of severance and benefits in the event of a qualifying termination of employment following a change of control. In addition, Mr. Rout and Mr. Price are parties to employment agreements that entitle those officers to receive severance payments and benefits if their employment is terminated under certain circumstances. These agreements are summarized below. Except as provided in these agreements, First Commonwealth has not agreed to pay severance or provide benefits to any of the named executive officers following the termination of his or her employment.

### **Change of Control Agreements**

We have entered into a Change of Control Agreement with Mr. Rout, Mr. Price, Ms. McMurdy and Mr. Emmerich which entitle the executive to receive severance payments in equal monthly installments over a specified period following the termination of his or her employment if the executive is terminated without cause (as defined below) or terminates his or her employment for good reason (as defined below) within a specified period following the occurrence of a change of control (as defined below) of First Commonwealth, each of which is referred to in the Change of Control Agreements as a qualifying termination.

As used in the Change of Control Agreements: (A) cause includes (i) the conviction of a felony which results or is intended to result in a loss to the Company or its clients, employees, directors or officers; (ii) the failure to perform the executive's duties with the degree of skill and care reasonably expected of a professional of

**Table of Contents**

his or her experience and stature after notice and an opportunity to cure; (iii) acts of dishonesty which result in material damage to the business or reputation of the Company; or (iv) a violation of the terms of the Change of Control Agreement or any Company policy or procedure which is deliberate and results or is intended to result in material damage to the business or reputation of the Company; (B) good reason includes (i) the diminution of or assignment of duties which are inconsistent with the position, authority, duties or responsibilities of the executive prior to the change of control; (ii) changing the location of the executive's employment by more than fifty miles or substantially increasing the executive's travel obligations; or (iii) reduction of the executive's base salary or discontinuance of any benefit, welfare or compensation plan or material fringe benefit for the executive; and (C) change of control means (i) the acquisition by any person of beneficial ownership of 50% or more of the outstanding shares of our stock; (ii) a change in the composition of the majority of our Board of Directors (except for nominees who are approved by a majority vote of the incumbent Board); or (iii) a merger, reorganization, consolidation, sale or similar transaction in which the persons who owned our outstanding shares prior to the transaction do not beneficially own at least 50% of the outstanding shares of the resulting entity. However, the placement of the Company into receivership by the FDIC, the sale of the Company in an FDIC-assisted transaction or a change in the composition of our Board of Directors at the direction of an agency having supervisory authority over us will not constitute a change of control for purposes of the Change of Control Agreements.

The periods following a change of control during which severance may be triggered by a qualifying termination and the number of months of severance payments for each named executive officer are as follows:

Name	Termination Period	Months of Severance
Robert E. Rout	Two years	24 months
T. Michael Price	Two years	24 months
Sue A. McMurdy	Three years	36 months
I. Robert Emmerich	Two years	24 months

The monthly severance payment is calculated as one-twelfth (1/12) of the sum of the following:

the executive's annual base salary immediately prior to the change of control;

the average of the aggregate amount of all bonuses paid to the executive during the thirty-six months prior to the change of control (or twelve-months in the case of the change of control agreement for Ms. McMurdy);

the aggregate amount of all contributions by First Commonwealth for the account of the executive under First Commonwealth's 401(k) plan and ESOP during the twelve months prior to the change of control; and

the aggregate amount of all contributions by the executive and First Commonwealth to his or her Non-Qualified Deferred Compensation Plan account during the twelve-months prior to the change of control.

In addition to severance payments, the former executive and his or her family will continue to receive, at the employer's expense, the same level of medical, dental, accident, disability and life insurance benefits. This coverage continues for 18 months in the case of Messrs. Rout, Price and Emmerich, and 36 months in the case of Ms. McMurdy.

If the payments and benefits to which the executive is entitled under his or her Change of Control Agreement, either alone or together with any other payments or benefits that he or she is entitled to receive from First Commonwealth, would constitute a parachute payment for purposes of section 280G of the Internal Revenue Code, the payments and benefits will be reduced by the minimum amount necessary to result in no portion of the payments and benefits being non-deductible by First Commonwealth and subject to the excise taxes imposed under the Internal Revenue Code for parachute payments.

**Table of Contents**

The following table sets forth the payments and the value of benefits that each such person would have been entitled to receive if a qualifying termination had occurred following a change of control on December 31, 2011:

Name	Aggregate Severance Payments \$(1)	Value of Health Benefits \$(2)	Value of Dental Benefits \$(3)	Value of Life and AD&D Insurance Benefits \$(4)	Value of Disability Insurance Benefits \$(5)
Robert E. Rout	943,526	22,348	1,267	2,561	840
T. Michael Price	902,100	22,348	1,676	2,567	840
Sue A. McMurdy	980,883	42,920	2,245	4,164	1,680
I. Robert Emmerich	629,694	0	1,051	1,747	840

- (1) Amounts represent a multiple of the aggregate salary, bonus, employer 401(k) and ESOP contributions and employer and employee SERP contributions paid to the named executive officer during 2011 as follows: Price, Rout and Emmerich 2X, and McMurdy 3X.
- (2) Calculated using actual premium costs for 2012 and estimated premium costs for 2013 and 2014 based on a 15% projected annual increase in premiums.
- (3) Calculated using actual premium costs for 2012 and estimated premium costs for 2013 and 2014 based on a 10% projected increase in premiums.
- (4) Calculated using the actual premiums that would be payable for coverage in 2012 through 2013 and estimated premium costs for 2014 based on a 10% projected annual increase in premiums. Coverage and premiums are calculated based on the executive's current salary and would remain fixed during the term of the severance period.
- (5) Calculated using the actual premiums that would be payable for coverage in 2012 through 2013 and estimated premium costs for 2014 based on a 10% projected annual increase in premiums. Coverage and premiums are calculated based on the executive's current monthly salary (capped at 60% of monthly salary) and would remain fixed during the term of the severance period.

**Employment Agreement with Mr. Price**

We entered into an employment agreement with Mr. Price in November 2007 when he joined First Commonwealth as President of First Commonwealth Bank, and we entered into an amended and restated employment agreement with Mr. Price when he assumed the position of Interim President and Chief Executive Officer effective January 1, 2012. Under the terms of his employment agreement, as amended and restated, Mr. Price is employed for a term of one year ending December 31, 2012, at which time Mr. Price's employment will be automatically renewed for successive one-year periods unless the agreement is terminated by either party upon notice given at least 60 days prior to the end of the current term.

If First Commonwealth terminates Mr. Price's employment other than for cause (as defined below) during the term of the agreement or Mr. Price resigns for good reason (as defined below) during the term of the agreement, then First Commonwealth will pay Mr. Price severance in an amount equal to one year's base salary, subject to the execution of an agreed form of separation agreement and general release by Mr. Price. As used in Mr. Price's employment agreement: (A) cause includes (i) the failure by Mr. Price to comply with any material provision of his employment agreement; (ii) the refusal by Mr. Price to comply with any lawful, written directive from the Board of Directors; (iii) Mr. Price's failure to perform his duties under with the degree of skill and care reasonably to be expected of a professional of his experience and stature after notice and a reasonable opportunity to cure (unless the failure to perform is incapable of being cured); or (iv) any act of dishonesty, fraud or moral turpitude by Mr. Price or the conviction of Mr. Price of a crime which, in the judgment of the Board of Directors, renders his continued employment materially damaging or detrimental to the Company; and (B) good reason includes (i) a substantial reduction in Mr. Price's title, position or responsibilities; (ii) any reduction in Mr. Price's base salary or a material reduction of benefits (unless such reduction of benefits applies equally to all similarly situated employees of the Company); (iii) the assignment of Mr. Price to a position which requires him

## **Table of Contents**

to relocate permanently to a site more than fifty (50) miles outside of Indiana, Pennsylvania; or (iv) the assignment to Mr. Price of any duties or responsibilities (other than due to a promotion) which are materially inconsistent with the position of the President of First Commonwealth Bank.

The severance amount is payable in equal periodic installments in accordance with the Company's normal payroll schedule, provided that any installments that would otherwise be payable within six months following Mr. Price's separation from service will be paid on the day following the six-month anniversary of the separation from service. First Commonwealth will also offer continuation coverage to Mr. Price, as required by COBRA, under First Commonwealth's group health plan on the terms and conditions mandated by COBRA and will pay the cost of Mr. Price's COBRA premiums for 12 months following his separation from service.

The employment agreement contains certain covenants which protect the Company during and following the termination of Mr. Price's employment, including: (i) a non-competition covenant which prohibits Mr. Price from serving in certain capacities with competitive businesses for a period of one year following the termination of his employment; (ii) a provision prohibiting Mr. Price from soliciting or hiring our employees for one year following the termination of his employment; and (iii) customary provisions protecting the confidentiality of Company information and requiring the return of documents and information upon the termination of Mr. Price's employment.

If we had terminated Mr. Price's employment without cause on December 31, 2011, or if Mr. Price had terminated his employment with us for good reason on that date, he would have been entitled to severance payments totaling \$420,000 and COBRA premiums having an aggregate value of \$14,189.

### **Employment Agreement with Mr. Rout**

We entered into an employment agreement with Mr. Rout when he assumed the position of Executive Vice President and CFO in February 2010. Under the terms of his employment agreement, Mr. Rout is employed for an initial term of three years. At the end of his initial term, Mr. Rout's employment will automatically renew for successive one-year periods unless terminated by either party upon notice given at least 60 days prior to the end of the term.

If First Commonwealth terminates Mr. Rout's employment other than for cause (as defined below) or Mr. Rout resigns for good reason (as defined below), then First Commonwealth must pay Mr. Rout a lump sum severance payment equal to the product of (x) one-twelfth of the sum of (i) Mr. Rout's base salary immediately prior to the termination of his employment and (ii) the aggregate amount of all bonuses paid to Mr. Rout during the twelve-month period preceding his termination, multiplied by (y) the number of months remaining in the initial term or then current renewal term, as the case may be, subject to the execution of an agreed form of separation agreement and general release by Mr. Rout. First Commonwealth will also offer continuation coverage to Mr. Rout, as required by COBRA, under First Commonwealth's group health plan on the terms and conditions mandated by COBRA including Mr. Rout's payment of the applicable COBRA premiums.

As used in Mr. Rout's Employment Agreement: (A) cause includes (i) the failure by Mr. Rout to comply with any material provision of his employment agreement; (ii) Mr. Rout's refusal to comply with any lawful, written directive from the Board of Directors or the Chief Executive Officer of the Company; (iii) the failure by Mr. Rout to perform his duties with the degree of skill and care reasonably to be expected of a professional of his experience and stature after notice and a reasonable opportunity to cure (unless the failure to perform is incapable of being cured); or (iv) Mr. Rout's dishonesty or fraud or conviction of a crime which, in the judgment of the Board of Directors, renders his continued employment by the Company materially damaging or detrimental to the Company; and (B) good reason includes (i) a substantial reduction of Mr. Rout's title, position or responsibilities; (ii) any reduction of Mr. Rout's base salary or a material reduction of benefits (unless the reduction of base salary or benefits applies equally to all named executive officers of the Company and any reduction in base salary is not in excess of 10%); (iii) the assignment of Mr. Rout to a position which requires

---

**Table of Contents**

him to relocate for a period in excess of six months to a site more than fifty (50) miles outside of Indiana, Pennsylvania; or (iv) the assignment to Mr. Rout of any duties or responsibilities (other than due to a promotion) which are materially inconsistent with the position of Chief Financial Officer.

The employment agreement contains certain covenants which protect the Company during and following the termination of Mr. Rout's employment, including: (i) a non-competition covenant which prohibits Mr. Rout from serving in certain capacities with competitive businesses for a period of one year, if his employment terminates for cause or without good reason, or for the remaining term of the employment agreement in all other cases; (ii) a provision prohibiting Mr. Rout from soliciting or hiring our employees for one year following the termination of his employment; and (iii) customary provisions protecting the confidentiality of Company information and requiring the return of documents and information upon the termination of Mr. Rout's employment.

If we had terminated Mr. Rout's employment without cause on December 31, 2011, or if Mr. Rout had terminated his employment with us for good reason on that date, he would have been entitled to receive a lump sum payment of \$502,558.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires First Commonwealth's directors and executive officers, and persons who own more than 10% of a registered class of First Commonwealth's equity securities, to file with the SEC an initial report of ownership and reports of changes in ownership of our common stock and other equity securities of First Commonwealth. Executive officers, directors and greater than 10% shareholders are required by SEC regulations to furnish First Commonwealth with copies of all Section 16(a) forms they file. Based solely on its review of the copies of forms received by it, and written and oral representations from its directors, executive officers and greater than 10% shareholders, First Commonwealth is not aware of any late filings or failures to file Section 16(a) forms during 2011.

**RELATED PARTY TRANSACTIONS**

Any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships between First Commonwealth or any of its subsidiaries and any of First Commonwealth's executive officers, directors or nominees for election as a director, any person owning more than 5% of First Commonwealth's common stock or any immediate family member of any of the foregoing persons is considered a related party transaction and must be approved or ratified by the Governance Committee in accordance with a written policy adopted by First Commonwealth's Board of Directors. This policy requires the Governance Committee to review the material facts of any related party transaction and either approve or disapprove the transaction after considering, among other factors it deems appropriate, whether the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party's interest in the transaction. Any director who has an interest in the transaction may not participate in any discussion or approval of the transaction except for the purpose of providing material facts concerning the transaction.

The policy does not apply to the following categories of transactions:

transactions that are available to all employees or customers of First Commonwealth generally;

transactions involving less than \$120,000 when aggregated with all similar transactions; and

loans made by First Commonwealth Bank (or any other banking subsidiary of First Commonwealth) in the ordinary course of business, made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the lender, and not involving more than the normal risk of collectibility or presenting other unfavorable features.

## **Table of Contents**

In addition, certain categories of transactions have been pre-approved under the terms of the policy, including:

compensation paid to executive officers of First Commonwealth if either (i) the compensation is required to be reported in First Commonwealth's proxy statement under the rules of the SEC or (ii) the executive officer is not an immediate family member of another executive officer or director of First Commonwealth and the compensation would be reported in First Commonwealth's proxy statement if the executive officer was a named executive officer (as defined above under Executive Compensation) and such compensation has been approved by the Compensation & Human Resources Committee;

compensation paid to directors that is required to be reported in First Commonwealth's proxy statement; and

transactions in which all shareholders benefit proportionately (such as the payment of dividends).

First Commonwealth Bank is a party to a lease agreement with SML Limited Partnership, a real estate holding company of which director Luke A. Latimer is a general partner and owns a 34% interest, for the construction and operation of a branch in New Alexandria, PA. The lease has an initial term of 15 years with three optional renewal terms of five years each. First Commonwealth Bank paid \$70,952 under the terms of the lease during 2011. The aggregate rent payable from January 1, 2012 through the expiration of the initial 15-year term is \$872,000.

In 2011, certain of our directors and executive officers were customers of, and had banking transactions with, various subsidiaries First Commonwealth Financial Corporation, including our subsidiary bank First Commonwealth Bank. All relationships between any director or executive officer and First Commonwealth or any of its subsidiaries are conducted in the ordinary course of business. All loans and loan commitments were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with persons not affiliated with us, and did not involve more than the normal risk of collectability nor did they present other unfavorable features. We determined that these loans and loan commitments were performing in accordance with their contractual terms.

## **REQUIREMENTS FOR DIRECTOR NOMINATIONS AND SHAREHOLDER PROPOSALS**

### **Director Nominations, Proposals for Action, and Other Business Brought Before the annual meeting**

Shareholders may make nominations for the election of directors and other proposals for action at an annual meeting. Under our By-Laws, nominations or other business may be brought before the meeting:

Pursuant to our notice of the meeting.

By, or at the direction of, a majority of our Board of Directors.

By a shareholder who:

is a shareholder of record at the time of giving of the notice required by our By-Laws and will be such at the time of the annual meeting; and

is entitled to vote at the meeting; and

complies with the notice and other procedures set forth in our By-Laws as to such business or nomination.

Edgar Filing: FIRST COMMONWEALTH FINANCIAL CORP /PA/ - Form DEF 14A

The By-Law procedures described above are the exclusive means for a shareholder to make nominations or submit other business before the meeting, other than matters properly brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and included in our notice of meeting.

## **Table of Contents**

If you would like to include a proposal in our notice of the annual meeting and proxy materials under Rule 14a-8, please see the requirements under Proxy Proposals Brought Under Rule 14a-8 below.

If you do not want to make a nomination of a director for consideration at our annual meeting, but would like to submit the name of a director candidate to our Board for its consideration, please see Recommendations of Director Candidates from Shareholders below. If you follow the process discussed in that section, our Governance Committee will consider your candidate.

Please direct any questions about the requirements or notices in this section to our Corporate Secretary at 22 North Sixth Street, Indiana, PA 15701.

### **By-Law Requirements for Nominations or Other Business.**

If you are a shareholder who would like to nominate candidates for election as directors, or bring other proposals for action at the 2013 Annual Meeting of Shareholders, our By-Laws require that you deliver a notice to the Secretary at our principal executive offices.

To be timely, the notice must be delivered not earlier than the close of business on the 150th day and not later than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting (for the 2013 Annual Meeting of Shareholders, this would mean that timely notice would be delivered between November 25, 2012 and December 25, 2012).

If the date of next year's annual meeting is more than 30 days before, or 60 days after, April 24, 2013, timely notice must be delivered not earlier than (1) the close of business on the 120th day prior to the date of the 2013 Annual Meeting of Shareholders and not later than (2) the close of business on the later of the 90th day prior to the date of the 2013 Annual Meeting of Shareholders or, if the first public announcement of the date of the 2013 Annual Meeting is less than 100 days prior to the date of the meeting, the 10th day following the day on which we make a public announcement of the meeting date.

All notices of nominations for director or other proposals for action must contain, on behalf of the shareholder and beneficial owner, if any, on whose behalf the nomination or proposal is being made, the following information, which is summarized from, and should be read in conjunction with, our By-Laws:

The name and address of the shareholder, any beneficial owner, and any affiliates or associates.

The number of shares of First Commonwealth stock which are, directly or indirectly, owned beneficially and of record by the shareholder, beneficial owner, affiliates or associates.

Disclosure of any indirect, derivative, convertible or other right related to any class or series of shares of First Commonwealth, or any stock borrowings, dividend rights, or proxy or other voting arrangements.

Disclosure of any information relating to such shareholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Securities Exchange Act and the rules and regulations promulgated thereunder.

In addition to the information listed above, the following additional information is required for notices of nominations for director:

All information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Securities Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected).



## **Table of Contents**

A description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships.

A completed and signed questionnaire, representation and agreement as required under our By-Laws.

Such other information as may reasonably be required by First Commonwealth to determine the eligibility of such proposed nominee to serve as an independent director of First Commonwealth or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such nominee.

A notice for a proposal for action other than a nomination for director must include the following information, in addition to the information applicable to all notices as described above:

A brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of such shareholder and beneficial owner, if any, in such business.

The text of the proposal or business (including the text of any resolutions proposed for consideration).

A description of all agreements, arrangements and understandings between such shareholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such shareholder.

The proxies we appoint for the 2013 Annual Meeting of Shareholders may exercise their discretionary authority to vote on any shareholder proposal timely received and presented at the meeting. Our proxy statement must advise shareholders of the proposal and how our proxies intend to vote. A shareholder may mail a separate proxy statement to our shareholders, and satisfy certain other requirements, to remove discretionary voting authority from our proxies.

The Chairman of the meeting has the power and duty to determine whether a nomination or any business proposed to be brought before the annual meeting was made or proposed in accordance with our By-Laws, and to declare that a defective proposal or nomination be disregarded.

### **Proxy Proposals Brought Under Rule 14a-8.**

If you are a shareholder who would like us to include your proposal in our notice of annual meeting and related proxy materials, you must follow SEC Rule 14a-8. In submitting your proposal, our Corporate Secretary must receive your proposal, in writing, at our principal executive offices, no later than November 23, 2012. If you do not follow these procedures, we will not consider your proposal for inclusion in next year's proxy statement.

### **Recommendations of Director Candidates From Shareholders**

If a shareholder recommends a candidate for director in good faith, our Governance Committee will consider it. If you are a shareholder, the Governance Committee will consider your candidate if you follow these procedures. Your recommendation must be in writing and be submitted no later than December 25, 2012.

You must submit your recommendation to the Secretary at our principal executive offices. Your written recommendation must include the following information:

The proposed nominee's name and address.

## Edgar Filing: FIRST COMMONWEALTH FINANCIAL CORP /PA/ - Form DEF 14A

A description of all arrangements or understandings between you, the proposed nominee and any other person or persons regarding the proposed nomination of the director. You must also name such other persons.

Any commercial, industrial, banking, consulting, legal, accounting, charitable, familial or other relationships involving the proposed nominee and us or our subsidiaries that may be relevant in

## **Table of Contents**

determining whether your proposed nominee is independent of our management and eligible to serve on the Board's Audit, Governance and Compensation and Human Resources Committees, under SEC and NYSE rules, and for the Compensation and Human Resources Committee, under Section 162(m) of the Internal Revenue Code.

The educational, professional and employment-related background and experience of your proposed nominee.

Any other facts and circumstances that may be relevant in determining whether your proposed nominee is an audit committee financial expert under SEC rules.

Such other information regarding the proposed nominee as would be required to be included in our proxy materials if the proposed nominee is nominated by our Board.

The written consent of the proposed nominee to serve as a director of First Commonwealth Financial Corporation, if elected. Under current practices, the Governance Committee does not evaluate candidates recommended by a shareholder any differently than candidates recommended by the Governance Committee.

## **HOUSEHOLDING OF PROXY MATERIALS**

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more shareholders sharing the same address by delivering a single proxy statement addressed to those shareholders. This process, which is commonly referred to as householding, potentially provides extra convenience for shareholders and cost savings for companies. We and some brokers who household proxy materials, may deliver a single proxy statement to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker or us that they or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, or if you are receiving multiple copies of the proxy statement and wish to receive only one, please notify your broker if your shares are held in a brokerage account or us if you hold registered shares. You can notify us by sending a written request to Investor Relations, First Commonwealth Financial Corporation, 654 Philadelphia Street, Indiana, PA 15701, or by calling our transfer agent, Computershare Shareowner Services LLC, at 1-866-203-5173.

## **ANNUAL REPORT ON FORM 10-K**

Copies of our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 as filed with the SEC were mailed to shareholders with this proxy statement. Copies of all Company filings with the SEC are available on our website at [www.fcbanking.com](http://www.fcbanking.com) by following the links to Investor Relations and SEC Filings. A shareholder may obtain a paper copy of this proxy statement, the 2011 Annual Report or any other filing with the SEC without charge by writing to Investor Relations, First Commonwealth Financial Corporation, 654 Philadelphia Street, Indiana, Pennsylvania 15701.

Table of Contents

**YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY.**

**We encourage you to take advantage of Internet or telephone voting.**

**Both are available 24 hours a day, 7 days a week.**

Internet and telephone voting is available through 11:59 PM Eastern Time the day prior to the shareholder meeting date.

**INTERNET**

**<http://www.proxyvoting.com/fcf>**

Use the Internet to vote your proxy. Have your proxy card in hand when you access the web site.

**First Commonwealth  
Financial Corporation**

**OR**

**TELEPHONE  
1-866-540-5760**

Use any touch-tone telephone to vote your proxy. Have your proxy card in hand when you call.

If you vote your proxy by Internet or by telephone, you do NOT need to mail back your proxy card.

To vote by mail, mark, sign and date your proxy card and return it in the enclosed postage-paid envelope.

**Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.**

WO#

17724

q FOLD AND DETACH HERE q

Please mark your votes as indicated in this example **X**

Edgar Filing: FIRST COMMONWEALTH FINANCIAL CORP /PA/ - Form DEF 14A

First Commonwealth Financial Corporation's Board of Directors recommends a vote **FOR** each nominee listed below and **FOR** Proposals 2 and 3.

	FOR	WITHHOLD	FOR ALL EXCEPT*
	ALL	FOR ALL	
1. Election of Directors	..	..	..

Nominees:

- |                        |                        |
|------------------------|------------------------|
| 01 Julie A. Caponi     | 07 Luke A. Latimer     |
| 02 Ray T. Charley      | 08 James W. Newill     |
| 03 Gary R. Claus       | 09 T. Michael Price    |
| 04 David S. Dahlmann   | 10 Laurie Stern Singer |
| 05 Johnston A. Glass   | 11 Robert J. Ventura   |
| 06 David W. Greenfield |                        |

**(INSTRUCTIONS: To withhold authority to vote for any individual nominee, mark the Exceptions box above and write that nominee's name in the space provided below.)**

\*Exceptions

**The Proxies are authorized to vote in their discretion upon any other matters brought before the meeting.**

	FOR	AGAINST	ABSTAIN
2. To ratify the selection of KPMG LLP as the company's independent registered public accounting firm for 2012.	..	..	..
3. Advisory vote to approve named executive officer compensation.	..	..	..

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED HEREBY BY THE UNDERSIGNED SHAREHOLDER. IF THIS PROXY IS SIGNED, BUT NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE RECOMMENDATION OF FIRST COMMONWEALTH FINANCIAL CORPORATION'S BOARD OF DIRECTORS.**

Mark Here for

..

Address Change

or Comments

SEE REVERSE

Edgar Filing: FIRST COMMONWEALTH FINANCIAL CORP /PA/ - Form DEF 14A

**NOTE: Please sign as name appears hereon. Joint owners should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation or other legal entity, please sign in full corporate or entity name by President or other authorized capacity.**

**Signature**

**Signature**

**Date**

**Table of Contents**

*You can now access your First Commonwealth Financial Corporation account online.*

Access your First Commonwealth Financial Corporation account online via Investor ServiceDirect® (ISD).

The transfer agent for First Commonwealth Financial Corporation, now makes it easy and convenient to get current information on your shareholder account.

View account status	View payment history for dividends
View certificate history	Make address changes
View book-entry information	Obtain a duplicate 1099 tax form

**Visit us on the web at [www.bnymellon.com/shareowner/equityaccess](http://www.bnymellon.com/shareowner/equityaccess)**

**For Technical Assistance Call 1-877-978-7778 between 9am-7pm**

**Monday-Friday Eastern Time**

**Investor ServiceDirect®**

**Available 24 hours per day, 7 days per week**

**TOLL FREE NUMBER: 1-866-203-5173**

Choose **MLink<sup>SM</sup>** for fast, easy and secure 24/7 online access to your future proxy materials, investment plan statements, tax documents and more. Simply log on to **Investor ServiceDirect®** at [www.bnymellon.com/shareowner/equityaccess](http://www.bnymellon.com/shareowner/equityaccess) where step-by-step instructions will prompt you through enrollment.

**You can view the Annual Report and Proxy Statement on the Internet by accessing our website at [www.fcbanking.com](http://www.fcbanking.com) and following the links to Investor Relations and Proxy Materials.**

**FOLD AND DETACH HERE**

**PROXY**

**FIRST COMMONWEALTH FINANCIAL CORPORATION**

**ANNUAL MEETING OF SHAREHOLDERS APRIL 24, 2012**

**THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF THE COMPANY**

The undersigned hereby appoints Douglas Brown, Natalie M. Felix and Robin L. Shaw, and each of them, with power to act without the other and with power of substitution, as proxies and attorneys-in-fact and hereby authorizes them to represent and vote, as provided on the other side, all the shares of First Commonwealth Financial Corporation Common Stock which the undersigned is entitled to vote, and, in their discretion, to vote upon such other business as may properly come before the Annual Meeting of Shareholders of the company to be held April 24, 2012 or at any adjournment or postponement thereof, with all powers which the undersigned would possess if present at the Meeting.

**Address Change/Comments**

**(Mark the corresponding box on the reverse side)**

SHAREOWNER SERVICES  
P.O. BOX 3550  
SOUTH HACKENSACK, NJ 07606-9250

WO#  
17724

**(Continued, and to be marked, dated and signed, on the other side)**